

Theewaterskloof Municipality



Draft Budget

2015/2016 to 2017/2018

26 March 2015

English is original version

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Abbreviations and Acronyms

IDP	Integrated Development Plan
MTREF	Medium Term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
kl	Kilolitre
kWh	Kilowatt
VAT	Value Added Tax
SMME	Small Micro and Medium Enterprises
CPI	Consumer Price index
MFMA	Municipal Finance Management Act 56 of 2003
GFS	Government Financial Statistics
MBRR	Municipal Budget and Reporting Regulations
GRAP	Generally Recognized Accounting Practice
MSA	Municipal Systems Act
MIG	Municipal Infrastructure Grant
LED	Local Economic Development
SDBIP	Service Delivery Budget Implementation Plan
DoRA	Division of Revenue Act
PDO	Predetermined Objectives
KPI	Key Performance Indicator
KPA	Key Performance Area
RBIG	Regional Bulk Infrastructure Grant
MTBPS	Medium Term Budget Policy Statement

1. Council Resolutions

- ~~1. That Council resolves that the Draft Annual Operating Budget of the municipality for the financial year 2015/2016 and indicative for the two projected Outer Years 2016/2017 and 2017/2018 be approved as set out on Tables A1, A2, A3 and A4.(pages 8 – 13).~~
- ~~2. That Council resolves that the Draft Annual Capital Budget of the municipality for the financial year 2015/2016 and indicative for the two projected Outer Years 2016/2017 and 2017/2018 be approved as set out on Tables A1, A5 and SA36.(pages 8, 15, and 77).~~
- ~~3. That Council resolves that the Monthly Cash Flow Forecasts with appropriate amendments be approved as the Cash Flow Budget of the Council for the 2015/2016 financial year as set out on Tables A1 and A7. (Pages 8 and 19).~~
- ~~4. That Council resolves to adopt the Draft Integrated Development Plan.~~
- ~~5. That Council resolves to adopt the “Spatial Development Framework” as part of the Integrated Development Plan, as regulated by the Municipal Systems Act (Act 32 of 2000), as directed in terms of Section 22 of the Bill on the Land Use Planning Act.~~
- ~~6. That Council resolves that the Draft Tariff Charges are approved for the Financial Year 2015/2016. (Annexure A).~~
- ~~7. That the Final Monthly Indigent Subsidy in respect of 6kl Water, 70Kwh Electricity, Refuse, Sewer and Informal Settlement Plot Rental (where applicable) are approved and that the applicable free basic services subsidies be calculated on the approved tariffs for the applicable services and measurable units.~~
- ~~8. The first R100,000 on all residential properties are exempt from property rates for persons older than 60 years of age and earning less than R6400 per month. The exemption is also applicable to all households earning less than R4801.~~
- ~~9. That it be noted that “Unfunded Functions” and “Underfunded Functions” are fully budgeted for at present service levels and in respect of Housing.~~
- ~~10. That note is taken that Internal Division of Costs(Departmental Charges) are calculated based on expected budgeted time spent, measurable units/quantities, cost, and that tariffs are determined accordingly.~~
- ~~11. That Council resolves the following Amendments to the Policies as per Annexure B~~

~~Annexure B~~

- ~~1. Credit Control and Debt Collection Policy~~
- ~~2. Supply Chain Management Policy~~
- ~~3. Rates Policy~~

2. Executive summary

LEGAL REQUIREMENTS

The medium term revenue and expenditure framework for 2015/2016, 2016/2017 and 2017/2018 was compiled in accordance with the requirements of the relevant legislation, of which the following are the most important:

- i) the Constitution, Act 108 of 199
- ii) the Municipal Structures Act, Act 117 of 1998
- iii) the Municipal Systems Act, Act 32 of 2000
- iv) the Municipal Finance Management Act, Act 56 of 2003

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan.

The guidance contained in National Treasury's MFMA Circular No. 74 was used in the compilation of the 2015/16 MTREF. The following aspects in the circular are of importance and will therefore be highlighted:

- Support will be provided to municipalities to improve revenue collection and the management of infrastructure financed from both own revenue and grants. Government will also work with private investors and development finance institutions to expand debt financing for municipal infrastructure.
- The Development Bank of Southern Africa (DBSA) is currently examining ways to encourage greater private investment in the municipal infrastructure market through infrastructure bonds, municipal bond underwriting, project finance and various contracting models.
- The economy is weakening and National Government will reduce expenditure. Grants to Local Government with the exception of the equitable share will therefore be reduced.
- The MSCOA regulations are also critical and the financial implication for municipalities is yet to be determined.
- Municipalities may increase electricity tariffs by 12.2% only.
- As per the guidance in various previous Budget Circulars, municipalities were expected to apply cost reflective tariffs in the 2014/15 MTREF for both water and sanitation. Should this not be the case, municipalities will be required to clearly articulate the reasons and remedial actions to rectify this position in their budget document.
- The salary and wage collective agreement will come to an end by 30 June 2015 and municipalities are advised to budget for a cost of living adjustment of 5.8% to be implemented with effect from 1 July 2015.
- Municipalities must prioritise the provision of basic services such as electricity, water, sanitation and refuse removal in their MTREF budgets. The Municipality may only budget for non-core functions such as crèches, sports fields, libraries, museums, health services, and etc. if:
 - The function is listed in Schedule 4B and 5B of the Constitution;
 - The function is assigned to municipality in terms of national and provincial legislation;
 - The municipality has prioritised the provision of basic services; and
 - It does not jeopardise the financial viability of the municipality.
- Municipalities are urged to sign service level agreements and recover costs where unfunded/underfunded mandates are performed on behalf of other spheres of

government. However it will not constitute an unfunded / underfunded mandate if the municipality provides services beyond what is stipulated in the service level agreement.

Growth to the Theewaterskloof Municipality's Medium Term Revenue and Expenditure Framework (MTREF) is based on a combination of factors such as (relatively low) generic growth to core tariff-based services, operational efficiencies, and revenue-related policies aimed at optimising and sustaining all income sources.

The MTREF-based Revenue and Expenditure Projections assumed inflation-linked annual adjustments. The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- National and local economic difficulties (low economic growth)
- Reduction in equitable share allocation
- Fuel increases
- Above-inflation increases in Bulk Purchase Tariffs: Overberg Water board: 11.5% and ESKOM at 14.24%
- Above inflation increases in essential maintenance costs
- Old infrastructure which needs to be consistently maintained or replaced
- The fee for utilising the Karwyderskraal disposal site
- Lack of motor vehicles, tools and equipment and the average age of the vehicle fleet
- The prioritisation of projects and expenditure within the existing resources
- Staff remuneration: A preliminary of 8.5% has been included in the 2015/16MTREF.

The following further key parameters which are informed by the need to recover costs and to balance the budget were considered for the 2015/16 financial year:

Tariff increases:

- Assessment Rates 9.5%
- Electricity 12.2% (Subject to NERSA's final approval)
- Water 7%
- Sanitation (Sewer) 9%
- Solid Waste (Refuse) 16%

The following table provides a consolidated overview of the proposed 2015/2016 MTREF taking into consideration tariff adjustments and increases to input costs:

R thousand	Budget 2014/2015 R'000	Budget Year 2015/2016 R'000	Budget Year 2016/2017 R'000	Budget Year 2017/2018 R'000
Total Operating Revenue	(454 351)	(466 204)	(475 878)	(499 527)
Total Operating Expenditure	410 694	450 630	466 746	491 826
(Suplus)/Deficit for the year	(43 656)	(15 574)	(9 132)	(7 701)
Total Capital Expenditure	85 177	60 947	44 417	47 400

Total operating revenue is projected to grow by 2.6 per cent or R11, 853 million for the 2015/16 financial year when compared to the 2014/15Budget. For the two outer years, operational revenue will increase by 2.1% and 5% respectively, equating to a total revenue growth of R 499, 527 million over the MTREF when compared to the 2014/15 financial year.

The major items of operating revenue are as follows:

Description	2014/15 R'000	2015/16 R'000	% of Total Revenue	Growth 2014/15 - 2015/16
Property Rates	68 910	75 213	16%	9%
Service Charges	156 254	178 274	38%	14%
Operational grants	122 945	136 412	29%	11%
Capital grants	61 638	38 590	8%	-37%
Other own Revenue	44 604	37 715	8%	-15%
	454 351	466 204	100%	3%

Revenue from service charges represents the biggest part (38%) of the municipality's revenue followed by operational grants (29%), property rates (16%) and capital grants (8%). There has been a reduction in capital grants and other own revenue when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year amounts to R450, 630 million, which represents an increase of R39, 936 million (9.7%) over 2014/15, increases of 3.6% and 5.4% for each of the respective outer years of the MTREF. A portion of the R15, 574 million for 2015/2016 will be used to fund inventory items on the capital budget.

Repairs and maintenance is very low but a distinction has been made to separate repairs from maintenance as there is a fundamental difference between repairs and maintenance. Maintenance is aimed at preventing assets from becoming obsolete and to conserve an asset or resource for as long as possible in its original condition before the expiry of its economic life and should be carried out in accordance with a master plan for infrastructure maintenance. Repairs are work carried out to restore an asset or resource to a sound condition after it has been damaged.

The major operating expenditure items are summarised below:

Description	2014/15 R'000	2015/16 R'000	% of Total Expenditure	Growth 2014/15 - 2015/16
Employee related costs	140 981	152 999	34%	9%
Councillor Remuneration	9 277	10 479	2%	13%
Depreciation	17 571	17 571	4%	0%
Finance Charges	12 733	13 496	3%	6%
Bulk Purchases	55 091	62 253	14%	13%
Repairs and Maintenance	23 179	28 433	6%	23%
Other expenditure	151 863	165 399	37%	9%
	410 694	450 630	100%	10%

Employee related costs and other expenditure represent the major expenditure items at 34% and 37% respectively.

The capital expenditure amount to R60, 947 million and has declined by 28.4% when compared to the 2014/15 adjustment budget. The outer years decrease to R44, 417 million in 2016/2017 and R47, 400 million in 2017/2018.

Successful alignment of Theewaterskloof Municipality's service delivery priorities, as embodied in the updated IDP and its focus areas, objectives and perspectives, to that of National and Provincial Governments is seen as critical if the Municipality wants to achieve its developmental goals. The Strategic Focus Areas developed by Theewaterskloof Municipality are as follows:

- Financial Viability
- Good Governance
- Institutional Development
- Basic Service Delivery
- Local Economic Development

3. Operating Revenue and Expenditure Framework

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
Revenue by Vote									
Vote 1 - Executive & Council	5 096	7 518	6 571	8 442	7 741	7 741	2 113	1 104	1 187
Vote 2 - Finance & Admin	95 915	125 016	147 914	122 951	122 370	122 370	134 008	138 428	147 837
Vote 3 - Planning & Development	1 620	2 279	2 371	2 026	2 722	2 722	3 091	3 768	5 933
Vote 4 - Community & Social Services	4 574	6 120	6 113	6 155	6 432	6 432	7 090	7 515	7 967
Vote 5 - Housing	-	-	-	-	71 162	71 162	63 643	52 300	45 150
Vote 6 - Public Safety	3 039	8 077	30 022	14 622	24 373	24 373	15 306	16 224	20 198
Vote 7 - Sport & Recreation	(212)	(53)	(332)	75	(685)	(685)	(744)	(789)	(836)
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	20 277	23 190	25 517	30 202	30 202	30 202	34 812	36 901	39 115
Vote 10 - Waste Water Management	17 927	21 564	23 730	25 898	26 907	26 907	26 789	28 397	30 100
Vote 11 - Roads Transport	3 878	4 904	5 340	5 601	6 684	6 684	5 609	5 825	6 175
Vote 12 - Water	37 466	37 200	39 417	47 056	49 628	49 628	60 848	64 499	68 369
Vote 13 - Electricity	58 989	65 153	69 845	75 906	75 482	75 482	83 198	88 190	93 481
Vote 14 - Other	55 406	77 311	82 743	79 643	31 332	31 332	30 440	33 517	34 852
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	303 973	378 278	439 252	418 577	454 351	454 351	466 204	475 878	499 527
Expenditure by Vote to be appropriated									
Vote 1 - Executive & Council	49 663	45 942	54 090	59 084	64 078	64 078	65 154	68 781	73 851
Vote 2 - Finance & Admin	82 425	130 085	68 339	55 657	60 441	60 441	65 566	70 325	75 268
Vote 3 - Planning & Development	9 598	10 859	11 143	12 318	12 938	12 938	14 676	16 327	19 555
Vote 4 - Community & Social Services	3 779	4 693	5 649	6 167	5 946	5 946	6 498	7 022	7 588
Vote 5 - Housing	3 287	3 485	3 905	5 495	45 430	45 430	60 312	50 992	45 314
Vote 6 - Public Safety	10 807	11 362	31 777	16 500	30 258	30 258	25 632	27 486	29 478
Vote 7 - Sport & Recreation	6 272	6 460	6 389	7 380	7 507	7 507	8 517	9 056	9 740
Vote 8 - Environmental Protection	20	24	33	50	50	50	50	53	56
Vote 9 - Waste Management	23 538	22 246	24 884	25 621	25 925	25 925	31 313	33 485	35 812
Vote 10 - Waste Water Management	20 052	19 358	21 436	24 604	24 414	24 414	25 990	27 727	29 583
Vote 11 - Roads Transport	21 881	24 165	25 624	29 968	30 715	30 715	31 389	33 507	35 937
Vote 12 - Water	34 818	32 074	38 860	41 496	41 488	41 488	43 650	46 457	49 449
Vote 13 - Electricity	45 469	48 429	52 790	59 897	58 207	58 207	69 146	73 420	77 961
Vote 14 - Other	9 709	4 567	35 714	27 354	3 298	3 298	2 738	2 107	2 234
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	321 319	363 748	380 634	371 591	410 694	410 694	450 630	466 746	491 826
Surplus/(Deficit) for the year	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701

4. Capital Expenditure

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
Capital expenditure - Vote									
Multi-year expenditure, to be appropriated									
Vote 1 - Executive & Council	3,538	1,752	—	—	—	—	—	—	—
Vote 2 - Finance & Admin	2,688	1,630	—	—	—	—	—	—	—
Vote 3 - Planning & Development	—	4,445	—	—	—	—	—	—	—
Vote 4 - Community & Social Services	274	—	—	—	794	794	—	—	—
Vote 5 - Housing	22,182	33,113	—	22,964	31,229	31,229	8,900	—	—
Vote 6 - Public Safety	—	—	—	—	—	—	—	—	—
Vote 7 - Sport & Recreation	—	695	3,270	3,286	11,245	11,245	—	—	—
Vote 8 - Environmental Protection	—	—	—	—	—	—	—	—	—
Vote 9 - Waste Management	808	347	—	—	—	—	—	—	—
Vote 10 - Waste Water Management	15,491	21,097	8,238	—	—	—	—	—	—
Vote 11 - Roads Transport	4,046	8,296	—	—	—	—	—	—	—
Vote 12 - Water	10,731	9,059	5,688	—	—	—	—	—	—
Vote 13 - Electricity	5,141	7,889	—	2,500	2,500	2,500	—	—	—
Vote 14 - Other	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	64,898	88,323	17,195	28,750	45,768	45,768	8,900	—	—
Single-year expenditure to be appropriated									
Vote 1 - Executive & Council	—	—	4,099	2,045	3,045	3,045	4,008	—	—
Vote 2 - Finance & Admin	—	—	705	626	624	624	890	—	—
Vote 3 - Planning & Development	—	—	2,458	419	1,070	1,070	421	—	—
Vote 4 - Community & Social Services	—	—	354	61	528	528	236	—	—
Vote 5 - Housing	—	—	16,661	—	—	—	—	—	—
Vote 6 - Public Safety	—	—	—	245	245	245	258	—	—
Vote 7 - Sport & Recreation	—	—	40	180	180	180	797	4,000	—
Vote 8 - Environmental Protection	—	—	—	—	—	—	—	—	—
Vote 9 - Waste Management	—	—	—	—	—	—	3,000	—	—
Vote 10 - Waste Water Management	—	—	10,368	18,604	17,920	17,920	22,500	21,500	42,000
Vote 11 - Roads Transport	—	—	5,192	3,263	4,588	4,588	3,800	15,917	5,400
Vote 12 - Water	—	—	2,428	9,242	5,379	5,379	4,500	3,000	—
Vote 13 - Electricity	—	—	3,445	4,111	5,831	5,831	11,637	—	—
Vote 14 - Other	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-total	—	—	45,751	38,797	39,409	39,409	52,047	44,417	47,400
Total Capital Expenditure - Vote	64,898	88,323	62,947	67,547	85,177	85,177	60,947	44,417	47,400
Capital Expenditure - Standard									
Governance and administration	6,226	3,382	4,947	3,091	4,459	4,459	4,919	—	—
Executive and council	772	901	1,645	1,898	1,898	1,898	1,597	—	—
Budget and treasury office	2,688	1,630	4	42	40	40	38	—	—
Corporate services	2,766	851	3,298	1,151	2,521	2,521	3,284	—	—
Community and public safety	22,455	33,808	20,325	26,736	44,221	44,221	10,190	4,000	—
Community and social services	274	—	354	61	1,322	1,322	236	—	—
Sport and recreation	—	695	3,309	3,466	11,425	11,425	797	4,000	—
Public safety	—	—	—	245	245	245	258	—	—
Housing	22,182	33,113	16,661	22,964	31,229	31,229	8,900	—	—
Health	—	—	—	—	—	—	—	—	—
Economic and environmental services	4,046	12,741	7,507	3,263	4,868	4,868	4,200	15,917	5,400
Planning and development	—	4,445	2,316	—	280	280	400	—	—
Road transport	4,046	8,296	5,192	3,263	4,588	4,588	3,800	15,917	5,400
Environmental protection	—	—	—	—	—	—	—	—	—
Trading services	32,171	38,392	30,168	34,457	31,630	31,630	41,637	24,500	42,000
Electricity	5,141	7,889	3,445	6,611	8,331	8,331	11,637	—	—
Water	10,731	9,059	8,116	9,242	5,379	5,379	4,500	3,000	—
Waste water management	15,491	21,097	18,607	18,604	17,920	17,920	22,500	21,500	42,000
Waste management	808	347	—	—	—	—	3,000	—	—
Other	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	64,898	88,323	62,947	67,547	85,177	85,177	60,947	44,417	47,400
Funded by:									
National Government	17,582	35,335	27,434	31,706	30,757	30,757	29,690	33,517	34,852
Provincial Government	24,827	33,038	19,307	23,025	32,324	32,324	8,900	—	—
District Municipality	—	—	62	—	—	—	—	—	—
Other transfers and grants	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	42,409	68,373	46,802	54,731	63,081	63,081	38,590	33,517	34,852
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	14,442	5,455	8,509	5,670	10,978	10,978	11,550	—	3,218
Internally generated funds	8,047	14,495	7,635	7,146	11,118	11,118	10,806	10,900	9,330
Total Capital Funding	64,898	88,323	62,947	67,547	85,177	85,177	60,947	44,417	47,400

5. Annual budget tables

The following ten tables set out the municipality's 2015/2016 budget and MTREF to be approved by resolution of Council:

Budget Summary (Table A1)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands									
<u>Financial Performance</u>									
Property rates	42 099	47 607	58 673	68 910	68 910	68 910	75 213	79 726	84 510
Service charges	120 757	131 758	142 532	156 249	156 254	156 254	178 274	188 970	200 308
Investment revenue	1 738	2 407	2 904	2 482	3 000	3 000	2 606	2 762	2 928
Transfers recognised - operational	54 865	74 010	106 937	103 590	122 945	122 945	136 412	133 687	134 481
Other own revenue	29 110	49 380	79 233	32 676	41 604	41 604	35 109	37 215	42 448
Total Revenue (excluding capital transfers and contributions)	248 568	305 163	390 278	363 907	392 712	392 712	427 614	442 361	464 675
Employee costs	109 179	109 725	124 568	139 914	140 981	140 981	152 999	165 858	179 801
Remuneration of councillors	7 168	7 410	8 203	9 277	9 277	9 277	10 479	11 108	11 774
Depreciation & asset impairment	49 320	98 311	32 816	23 081	27 081	27 081	27 081	28 706	30 428
Finance charges	12 928	12 780	12 478	13 433	12 733	12 733	13 496	14 306	15 164
Materials and bulk purchases	41 475	45 334	50 043	54 651	55 091	55 091	62 253	65 988	69 948
Transfers and grants	638	783	824	1 000	1 000	1 000	1 000	1 060	1 124
Other expenditure	100 611	89 405	151 703	130 236	164 532	164 532	183 321	179 720	183 587
Total Expenditure	321 319	363 748	380 634	371 591	410 694	410 694	450 630	466 746	491 826
Surplus/(Deficit)	(72 751)	(58 586)	9 644	(7 685)	(17 982)	(17 982)	(23 016)	(24 385)	(27 151)
Transfers recognised - capital	55 406	73 116	48 974	54 670	61 638	61 638	38 590	33 517	34 852
Contributions recognised - capital & contributed assets	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701
<u>Capital expenditure & funds sources</u>									
Capital expenditure	64 898	88 323	62 947	67 547	85 177	85 177	60 947	44 417	47 400
Transfers recognised - capital	42 409	68 373	46 802	54 731	63 081	63 081	38 590	33 517	34 852
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	14 442	5 455	8 509	5 670	10 978	10 978	11 550	—	3 218
Internally generated funds	8 047	14 495	7 635	7 146	11 118	11 118	10 806	10 900	9 330
Total sources of capital funds	64 898	88 323	62 947	67 547	85 177	85 177	60 947	44 417	47 400
<u>Financial position</u>									
Total current assets	43 479	64 331	76 273	54 091	64 013	64 013	59 686	52 682	49 279
Total non current assets	655 214	703 917	800 804	664 223	858 895	858 895	892 760	908 472	925 444
Total current liabilities	57 715	69 816	66 587	58 740	63 155	63 155	66 544	66 436	69 636
Total non current liabilities	168 910	165 534	178 789	172 164	184 395	184 395	194 970	194 653	197 321
Community wealth/Equity	472 068	532 899	631 701	487 411	675 358	675 358	690 932	700 064	707 765
<u>Cash flows</u>									
Net cash from (used) operating	46 384	92 559	66 799	74 410	82 897	82 897	40 279	49 182	52 726
Net cash from (used) investing	(61 554)	(79 990)	(60 777)	(65 891)	(85 172)	(85 172)	(58 700)	(42 035)	(44 876)
Net cash from (used) financing	13 960	(6 437)	4 651	(1 300)	(1 084)	(1 084)	4 809	(8 091)	(4 832)
Cash/cash equivalents at the year end	21 414	27 545	38 218	7 235	34 859	34 859	21 248	20 303	23 322
<u>Cash backing/surplus reconciliation</u>									
Cash and investments available	21 414	27 545	38 218	7 235	34 859	34 859	21 248	20 303	23 322
Application of cash and investments	16 119	22 290	23 216	(2 195)	20 235	20 235	12 320	15 520	23 224
Balance - surplus (shortfall)	5 295	5 255	15 002	9 430	14 624	14 624	8 928	4 783	98
<u>Asset management</u>									
Asset register summary (WDV)	655 176	703 893	800 780	968 018	858 876	858 876	892 742	908 453	925 425
Depreciation & asset impairment	49 320	98 311	32 816	23 081	27 081	27 081	27 081	28 706	30 428
Renewal of Existing Assets	24 784	43 221	17 254	33 999	32 832	32 832	22 120	22 000	40 500
Repairs and Maintenance	15 553	17 849	18 412	22 906	23 179	23 179	28 433	29 987	31 787
<u>Free services</u>									
Cost of Free Basic Services provided	9 625	13 505	—	22 463	22 463	22 463	32 766	34 732	36 816
Revenue cost of free services provided	14 426	16 721	—	27 500	27 500	27 500	36 922	39 138	41 486
<u>Households below minimum service level</u>									
Water:	0	0	—	—	—	—	—	—	—
Sanitation/sewerage:	0	7	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—
Refuse:	0	0	—	—	—	—	—	—	—

Explanatory notes Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget and indicates that the repayment of loans exceed the envisaged new borrowing;
 - iii. Internally generated funds are financed from a combination of the current operating surplus and input VAT reclaimed on conditional grants. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The section on Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Budgeted Financial Performance (Revenue and Expenditure by standard classification)
(Table A2)

Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	156 416	209 845	237 228	211 036	161 443	161 443	166 562	173 049	183 876
Executive and council	2 218	5 414	4 700	6 461	5 793	5 793	198	133	139
Budget and treasury office	143 790	178 927	201 350	198 851	152 334	152 334	162 277	169 643	180 248
Corporate services	10 408	25 503	31 178	5 724	3 316	3 316	4 087	3 273	3 488
<i>Community and public safety</i>	7 400	14 145	35 803	20 852	101 282	101 282	85 295	75 251	72 479
Community and social services	4 574	6 120	6 113	6 155	6 432	6 432	7 090	7 515	7 967
Sport and recreation	(212)	(53)	(332)	75	(685)	(685)	(744)	(789)	(836)
Public safety	3 039	8 077	30 022	14 622	24 373	24 373	15 306	16 224	20 198
Housing	-	-	-	-	71 162	71 162	63 643	52 300	45 150
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	5 498	7 183	7 712	7 627	9 406	9 406	8 700	9 593	12 108
Planning and development	1 620	2 279	2 371	2 026	2 722	2 722	3 091	3 768	5 933
Road transport	3 878	4 904	5 340	5 601	6 684	6 684	5 609	5 825	6 175
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	134 659	147 106	158 509	179 062	182 219	182 219	205 647	217 986	231 065
Electricity	58 989	65 153	69 845	75 906	75 482	75 482	83 198	88 190	93 481
Water	37 466	37 200	39 417	47 056	49 628	49 628	60 848	64 499	68 369
Waste water management	17 927	21 564	23 730	25 898	26 907	26 907	26 789	28 397	30 100
Waste management	20 277	23 190	25 517	30 202	30 202	30 202	34 812	36 901	39 115
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	303 973	378 278	439 252	418 577	454 351	454 351	466 204	475 878	499 527
Expenditure - Standard									
<i>Governance and administration</i>	144 680	183 499	161 744	146 042	131 768	131 768	137 628	145 733	156 252
Executive and council	23 071	18 882	26 275	28 563	32 390	32 390	31 528	33 619	35 934
Budget and treasury office	36 637	31 232	65 995	58 821	35 993	35 993	37 987	40 125	43 070
Corporate services	84 972	133 384	69 474	58 659	63 384	63 384	68 113	71 990	77 248
<i>Community and public safety</i>	24 145	25 999	47 720	35 543	89 141	89 141	100 959	94 556	92 120
Community and social services	3 779	4 693	5 649	6 167	5 946	5 946	6 498	7 022	7 588
Sport and recreation	6 272	6 460	6 389	7 380	7 507	7 507	8 517	9 056	9 740
Public safety	10 807	11 362	31 777	16 500	30 258	30 258	25 632	27 486	29 478
Housing	3 287	3 485	3 905	5 495	45 430	45 430	60 312	50 992	45 314
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	28 616	32 144	33 200	38 389	39 751	39 751	41 945	45 368	50 649
Planning and development	6 715	7 955	7 542	8 370	8 986	8 986	10 506	11 807	14 655
Road transport	21 881	24 165	25 624	29 968	30 715	30 715	31 389	33 507	35 937
Environmental protection	20	24	33	50	50	50	50	53	56
<i>Trading services</i>	123 878	122 107	137 970	151 618	150 035	150 035	170 098	181 089	192 805
Electricity	45 469	48 429	52 790	59 897	58 207	58 207	69 146	73 420	77 961
Water	34 818	32 074	38 860	41 496	41 488	41 488	43 650	46 457	49 449
Waste water management	20 052	19 358	21 436	24 604	24 414	24 414	25 990	27 727	29 583
Waste management	23 538	22 246	24 884	25 621	25 925	25 925	31 313	33 485	35 812
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	321 319	363 748	380 634	371 591	410 694	410 694	450 630	466 746	491 826
Surplus/(Deficit) for the year	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is an illustration of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile standardised reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and treasury office.

Budgeted Financial Performance (Revenue and Expenditure by municipal vote)(Table A3)

Vote Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote									
Vote 1 - Executive & Council	5 096	7 518	6 571	8 442	7 741	7 741	2 113	1 104	1 187
Vote 2 - Finance & Admin	95 915	125 016	147 914	122 951	122 370	122 370	134 008	138 428	147 837
Vote 3 - Planning & Development	1 620	2 279	2 371	2 026	2 722	2 722	3 091	3 768	5 933
Vote 4 - Community & Social Services	4 574	6 120	6 113	6 155	6 432	6 432	7 090	7 515	7 967
Vote 5 - Housing	-	-	-	-	71 162	71 162	63 643	52 300	45 150
Vote 6 - Public Safety	3 039	8 077	30 022	14 622	24 373	24 373	15 306	16 224	20 198
Vote 7 - Sport & Recreation	(212)	(53)	(332)	75	(685)	(685)	(744)	(789)	(836)
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	20 277	23 190	25 517	30 202	30 202	30 202	34 812	36 901	39 115
Vote 10 - Waste Water Management	17 927	21 564	23 730	25 898	26 907	26 907	26 789	28 397	30 100
Vote 11 - Roads Transport	3 878	4 904	5 340	5 601	6 684	6 684	5 609	5 825	6 175
Vote 12 - Water	37 466	37 200	39 417	47 056	49 628	49 628	60 848	64 499	68 369
Vote 13 - Electricity	58 989	65 153	69 845	75 906	75 482	75 482	83 198	88 190	93 481
Vote 14 - Other	55 406	77 311	82 743	79 643	31 332	31 332	30 440	33 517	34 852
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	303 973	378 278	439 252	418 577	454 351	454 351	466 204	475 878	499 527
Expenditure by Vote to be appropriated									
Vote 1 - Executive & Council	49 663	45 942	54 090	59 084	64 078	64 078	65 154	68 781	73 851
Vote 2 - Finance & Admin	82 425	130 085	68 339	55 657	60 441	60 441	65 566	70 325	75 268
Vote 3 - Planning & Development	9 598	10 859	11 143	12 318	12 938	12 938	14 676	16 327	19 555
Vote 4 - Community & Social Services	3 779	4 693	5 649	6 167	5 946	5 946	6 498	7 022	7 588
Vote 5 - Housing	3 287	3 485	3 905	5 495	45 430	45 430	60 312	50 992	45 314
Vote 6 - Public Safety	10 807	11 362	31 777	16 500	30 258	30 258	25 632	27 486	29 478
Vote 7 - Sport & Recreation	6 272	6 460	6 389	7 380	7 507	7 507	8 517	9 056	9 740
Vote 8 - Environmental Protection	20	24	33	50	50	50	50	53	56
Vote 9 - Waste Management	23 538	22 246	24 884	25 621	25 925	25 925	31 313	33 485	35 812
Vote 10 - Waste Water Management	20 052	19 358	21 436	24 604	24 414	24 414	25 990	27 727	29 583
Vote 11 - Roads Transport	21 881	24 165	25 624	29 968	30 715	30 715	31 389	33 507	35 937
Vote 12 - Water	34 818	32 074	38 860	41 496	41 488	41 488	43 650	46 457	49 449
Vote 13 - Electricity	45 469	48 429	52 790	59 897	58 207	58 207	69 146	73 420	77 961
Vote 14 - Other	9 709	4 567	35 714	27 354	3 298	3 298	2 738	2 107	2 234
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	321 319	363 748	380 634	371 591	410 694	410 694	450 630	466 746	491 826
Surplus/(Deficit) for the year	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701

Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 illustrates the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the GFS classification and not necessarily the organisational structure of the Municipality.

Function	Income R'000	Expenditure R'000	Admin Charges	Surplus/(deficit) R'000
Water	60 , 848	(43, 650)	(4, 549)	12, 649
Electricity	83, 198	(69, 146)	(4, 734)	9, 318
Waste Water Management	26, 789	(25, 990)	(3, 452)	(2, 653)
Refuse Removal	34, 812	(31, 313)	(3, 588)	(89)

Budgeted Financial Performance (Revenue and Expenditure) (Table A4)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
Revenue By Source									
Property rates	42 099	47 607	58 673	68 910	68 910	68 910	75 213	79 726	84 510
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	57 379	60 369	64 594	72 911	69 284	69 284	77 958	82 636	87 594
Service charges - water revenue	35 255	34 904	37 087	40 136	42 709	42 709	53 252	56 448	59 834
Service charges - sanitation revenue	14 623	18 025	19 983	20 248	21 257	21 257	20 856	22 107	23 434
Service charges - refuse revenue	16 074	18 460	20 723	22 795	22 795	22 795	25 849	27 400	29 044
Service charges - other	(2 574)	—	145	159	210	210	358	379	402
Rental of facilities and equipment	1 105	1 409	1 936	1 607	1 766	1 766	1 764	1 869	1 982
Interest earned - external investments	1 738	2 407	2 904	2 482	3 000	3 000	2 606	2 762	2 928
Interest earned - outstanding debtors	7 834	7 617	9 267	6 480	6 480	6 480	6 804	7 212	7 645
Dividends received	—	—	—	—	—	—	—	—	—
Fines	2 942	7 984	29 835	14 334	24 284	24 284	15 257	16 172	20 143
Licences and permits	2 926	2 626	2 635	2 724	2 469	2 469	2 603	2 759	2 924
Agency services	1 836	1 957	2 189	2 332	2 400	2 400	2 478	2 626	2 784
Transfers recognised - operational	54 865	74 010	106 937	103 590	122 945	122 945	136 412	133 687	134 481
Other revenue	12 467	27 788	33 060	4 963	4 205	4 205	3 957	4 194	4 446
Gains on disposal of PPE	—	—	310	235	—	—	2 247	2 382	2 524
Total Revenue (excluding capital transfers and contributions)	248 568	305 163	390 278	363 907	392 712	392 712	427 614	442 361	464 675
Expenditure By Type									
Employee related costs	109 179	109 725	124 568	139 914	140 981	140 981	152 999	165 858	179 801
Remuneration of councillors	7 168	7 410	8 203	9 277	9 277	9 277	10 479	11 108	11 774
Debt impairment	32 422	22 703	47 240	23 730	37 553	37 553	31 745	33 650	35 669
Depreciation & asset impairment	49 320	98 311	32 816	23 081	27 081	27 081	27 081	28 706	30 428
Finance charges	12 928	12 780	12 478	13 433	12 733	12 733	13 496	14 306	15 164
Bulk purchases	41 475	45 334	50 043	54 651	55 091	55 091	62 253	65 988	69 948
Other materials	—	—	—	—	—	—	—	—	—
Contracted services	11 308	15 273	17 749	19 721	18 746	18 746	24 388	25 851	27 402
Transfers and grants	638	783	824	1 000	1 000	1 000	1 000	1 060	1 124
Other expenditure	56 635	50 129	86 372	86 784	108 233	108 233	127 188	120 219	120 516
Loss on disposal of PPE	247	1 300	341	—	—	—	—	—	—
Total Expenditure	321 319	363 748	380 634	371 591	410 694	410 694	450 630	466 746	491 826
Surplus/(Deficit)	(72 751)	(58 586)	9 644	(7 685)	(17 982)	(17 982)	(23 016)	(24 385)	(27 151)
Transfers recognised - capital	55 406	73 116	48 974	54 670	61 638	61 638	38 590	33 517	34 852
Contributions recognised - capital	—	—	—	—	—	—	—	—	—
Contributed assets	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701
Taxation	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701
Attributable to minorities	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)excluding capital transfers and contributions.

1. Total operating revenue is R466, 204 in 2015/16 and increases to R496, 527 million by 2017/18. This represents a year-on-year increase of 2.6 per cent for the 2015/16, 2.1 per cent for the 2016/17 financial year and 6 per cent for the 2017/18 financial year.
2. Revenue to be generated from property rates is R75, 213 million in the 2015/16 financial year and increases to R79, 726million by 2016/17 which represents 16 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R178, 274million for the 2015/16 financial year and increasing to R200, 308 million by 2017/18. For the 2015/16 financial year services charges amount to 39 per cent of the total revenue base.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. Bulk purchases have significantly increased over the 2011/12 to 2015/16 period, escalating from R41, 475 million to R62, 253million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Overberg Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality.

Budgeted Capital Expenditure by vote, standard classification and funding (Table A5)

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
Capital expenditure - Vote									
Multi-year expenditure - to be appropriated									
Vote 1 - Executive & Council	3,538	1,752	—	—	—	—	—	—	—
Vote 2 - Finance & Admin	2,688	1,630	—	—	—	—	—	—	—
Vote 3 - Planning & Development	—	4,445	—	—	—	—	—	—	—
Vote 4 - Community & Social Services	274	—	—	—	794	794	—	—	—
Vote 5 - Housing	22,182	33,113	—	22,964	31,229	31,229	8,900	—	—
Vote 6 - Public Safety	—	—	—	—	—	—	—	—	—
Vote 7 - Sport & Recreation	—	695	3,270	3,286	11,245	11,245	—	—	—
Vote 8 - Environmental Protection	—	—	—	—	—	—	—	—	—
Vote 9 - Waste Management	808	347	—	—	—	—	—	—	—
Vote 10 - Waste Water Management	15,491	21,097	8,238	—	—	—	—	—	—
Vote 11 - Roads Transport	4,046	8,296	—	—	—	—	—	—	—
Vote 12 - Water	10,731	9,059	5,688	—	—	—	—	—	—
Vote 13 - Electricity	5,141	7,889	—	2,500	2,500	2,500	—	—	—
Vote 14 - Other	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	64,898	88,323	17,195	28,750	45,768	45,768	8,900	—	—
Single-year expenditure - to be appropriated									
Vote 1 - Executive & Council	—	—	4,099	2,045	3,045	3,045	4,008	—	—
Vote 2 - Finance & Admin	—	—	705	626	624	624	890	—	—
Vote 3 - Planning & Development	—	—	2,458	419	1,070	1,070	421	—	—
Vote 4 - Community & Social Services	—	—	354	61	528	528	236	—	—
Vote 5 - Housing	—	—	16,661	—	—	—	—	—	—
Vote 6 - Public Safety	—	—	—	245	245	245	258	—	—
Vote 7 - Sport & Recreation	—	—	40	180	180	180	797	4,000	—
Vote 8 - Environmental Protection	—	—	—	—	—	—	—	—	—
Vote 9 - Waste Management	—	—	—	—	—	—	3,000	—	—
Vote 10 - Waste Water Management	—	—	10,368	18,604	17,920	17,920	22,500	21,500	42,000
Vote 11 - Roads Transport	—	—	5,192	3,263	4,588	4,588	3,800	15,917	5,400
Vote 12 - Water	—	—	2,428	9,242	5,379	5,379	4,500	3,000	—
Vote 13 - Electricity	—	—	3,445	4,111	5,831	5,831	11,637	—	—
Vote 14 - Other	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-total	—	—	45,751	38,797	39,409	39,409	52,047	44,417	47,400
Total Capital Expenditure - Vote	64,898	88,323	62,947	67,547	85,177	85,177	60,947	44,417	47,400
Capital Expenditure - Standard									
Governance and administration	6,226	3,382	4,947	3,091	4,459	4,459	4,919	—	—
Executive and council	772	901	1,645	1,898	1,898	1,898	1,597	—	—
Budget and treasury office	2,688	1,630	4	42	40	40	38	—	—
Corporate services	2,766	851	3,298	1,151	2,521	2,521	3,284	—	—
Community and public safety	22,455	33,808	20,325	26,736	44,221	44,221	10,190	4,000	—
Community and social services	274	—	354	61	1,322	1,322	236	—	—
Sport and recreation	—	695	3,309	3,466	11,425	11,425	797	4,000	—
Public safety	—	—	—	245	245	245	258	—	—
Housing	22,182	33,113	16,661	22,964	31,229	31,229	8,900	—	—
Health	—	—	—	—	—	—	—	—	—
Economic and environmental services	4,046	12,741	7,507	3,263	4,868	4,868	4,200	15,917	5,400
Planning and development	—	4,445	2,316	—	280	280	400	—	—
Road transport	4,046	8,296	5,192	3,263	4,588	4,588	3,800	15,917	5,400
Environmental protection	—	—	—	—	—	—	—	—	—
Trading services	32,171	38,392	30,168	34,457	31,630	31,630	41,637	24,500	42,000
Electricity	5,141	7,889	3,445	6,611	8,331	8,331	11,637	—	—
Water	10,731	9,059	8,116	9,242	5,379	5,379	4,500	3,000	—
Waste water management	15,491	21,097	18,607	18,604	17,920	17,920	22,500	21,500	42,000
Waste management	808	347	—	—	—	—	3,000	—	—
Other	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	64,898	88,323	62,947	67,547	85,177	85,177	60,947	44,417	47,400
Funded by:									
National Government	17,582	35,335	27,434	31,706	30,757	30,757	29,690	33,517	34,852
Provincial Government	24,827	33,038	19,307	23,025	32,324	32,324	8,900	—	—
District Municipality	—	—	62	—	—	—	—	—	—
Other transfers and grants	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	42,409	68,373	46,802	54,731	63,081	63,081	38,590	33,517	34,852
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	14,442	5,455	8,509	5,670	10,978	10,978	11,550	—	3,218
Internally generated funds	8,047	14,495	7,635	7,146	11,118	11,118	10,806	10,900	9,330
Total Capital Funding	64,898	88,323	62,947	67,547	85,177	85,177	60,947	44,417	47,400

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital budget of 2015/16 makes provision for an amount of R60, 947 million. This allocation decreases to R44, 417 million in 2016/17 and R47, 400 million in 2017/18.
3. The capital programme is funded from National and Provincial grants, which includes Municipal Infrastructure Grant, Regional Bulk Infrastructure Grant, National Electrification Grant and Housing, borrowing and internally generated funds from current year surpluses. For 2015/16, capital transfers (excluding VAT) totals R38, 590 million (63 per cent) and decrease to R23, 682 million by 2017/18. Borrowing has been provided at R11, 550 million for the 2015/16 financial year. Internally generated funding totaling R10, 806 million for 2015/2016 and R9, 330 million for 2017/2018. These funding sources are further discussed in detail in section 12 (Overview of Budget Funding).

Budgeted Financial Position (Table A6)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
ASSETS									
Current assets									
Cash	6 372	6 805	11 251	7 235	4 859	4 859	1 248	303	3 322
Call investment deposits	15 042	20 740	26 967	—	30 000	30 000	20 000	20 000	20 000
Consumer debtors	17 077	27 099	27 745	41 651	23 948	23 948	33 232	27 174	20 751
Other debtors	2 726	7 761	8 023	3 000	3 000	3 000	3 000	3 000	3 000
Current portion of long-term receivables	5	5	5	5	5	5	5	5	5
Inventory	2 257	1 922	2 282	2 200	2 200	2 200	2 200	2 200	2 200
Total current assets	43 479	64 331	76 273	54 091	64 013	64 013	59 686	52 682	49 279
Non current assets									
Long-term receivables	38	24	24	19	18	18	18	18	18
Investments	—	—	—	—	—	—	—	—	—
Investment property	204 491	145 292	158 513	124 561	149 003	149 003	139 493	127 389	114 559
Investment in Associate	—	—	—	—	—	—	—	—	—
Property, plant and equipment	448 559	556 708	640 694	538 070	708 620	708 620	752 315	780 409	810 507
Agricultural	—	—	—	—	—	—	—	—	—
Biological	—	—	—	—	—	—	—	—	—
Intangible	2 126	1 893	1 573	1 573	1 254	1 254	934	655	359
Other non-current assets	—	—	—	—	—	—	—	—	—
Total non current assets	655 214	703 917	800 804	664 223	858 895	858 895	892 760	908 472	925 444
TOTAL ASSETS	698 693	768 249	877 077	718 315	922 908	922 908	952 446	961 154	974 722
LIABILITIES									
Current liabilities									
Bank overdraft	—	—	—	—	—	—	—	—	—
Borrowing	6 518	6 979	6 974	8 338	6 974	6 974	8 338	8 312	9 223
Consumer deposits	3 245	3 306	3 660	3 763	3 879	3 879	4 112	4 359	4 621
Trade and other payables	31 946	46 831	42 055	34 331	37 292	37 292	39 085	38 756	40 783
Provisions	16 005	12 700	13 898	12 308	15 010	15 010	15 010	15 010	15 010
Total current liabilities	57 715	69 816	66 587	58 740	63 155	63 155	66 544	66 436	69 636
Non current liabilities									
Borrowing	112 747	105 788	110 091	102 980	114 095	114 095	117 307	108 996	102 991
Provisions	56 163	59 746	68 698	69 183	70 300	70 300	77 663	85 658	94 330
Total non current liabilities	168 910	165 534	178 789	172 164	184 395	184 395	194 970	194 653	197 321
TOTAL LIABILITIES	226 625	235 350	245 376	230 904	247 550	247 550	261 514	261 089	266 957
NET ASSETS	472 068	532 899	631 701	487 410 565.91	675 358	675 358	690 932	700 064	707 765
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	460 590	491 253	543 871	443 297	587 701	587 701	606 091	615 223	622 924
Reserves	11 478	41 647	87 830	44 114	87 656	87 656	84 841	84 841	84 841
Minorities' interests	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	472 068	532 899	631 701	487 410 565.91	675 358	675 358	690 932	700 064	707 765

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with the standards of Generally Recognized Accounting Practice (GRAP), as with the financial Statements, and improves understandability of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily convertible into cash, or liabilities immediately required to be met from cash, appear first.
- Table A6 is supported by an extensive table of notes (SA3 which can be found on page 81) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Budgeted Cash Flows (Table A7)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	42 099	47 607	58 673	61 980	58 788	58 788	63 358	71 754	76 059
Service charges	120 757	131 967	142 532	140 121	137 642	137 642	150 173	170 073	180 277
Other revenue	(9 185)	(15 014)	(2 452)	25 961	35 430	35 430	26 058	27 621	32 279
Government - operating	56 428	63 624	67 750	103 590	127 946	127 946	136 412	133 687	134 481
Government - capital	58 973	77 511	79 159	54 670	61 638	61 638	38 590	33 517	34 852
Interest	9 572	10 024	12 171	8 962	9 480	9 480	8 338	9 253	9 809
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(218 692)	(209 598)	(277 468)	(307 741)	(335 595)	(335 595)	(369 453)	(382 736)	(400 203)
Finance charges	(12 928)	(12 780)	(12 742)	(12 133)	(11 433)	(11 433)	(12 196)	(12 928)	(13 703)
Transfers and Grants	(638)	(783)	(824)	(1 000)	(1 000)	(1 000)	(1 000)	(1 060)	(1 124)
NET CASH FROM/(USED) OPERATING ACTIVITIES	46 384	92 559	66 799	74 410	82 897	82 897	40 279	49 182	52 726
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	3 689	8 398	1 584	1 656	-	-	2 247	2 382	2 524
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	3	13	586	-	5	5	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(65 246)	(88 401)	(62 947)	(67 547)	(85 177)	(85 177)	(60 947)	(44 417)	(47 400)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(61 554)	(79 990)	(60 777)	(65 891)	(85 172)	(85 172)	(58 700)	(42 035)	(44 876)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	21 385	23	11 275	5 670	5 670	5 670	11 550	-	3 218
Increase (decrease) in consumer deposits	95	61	354	213	220	220	233	247	262
Payments									
Repayment of borrowing	(7 520)	(6 521)	(6 978)	(7 183)	(6 974)	(6 974)	(6 974)	(8 338)	(8 312)
NET CASH FROM/(USED) FINANCING ACTIVITIES	13 960	(6 437)	4 651	(1 300)	(1 084)	(1 084)	4 809	(8 091)	(4 832)
NET INCREASE/ (DECREASE) IN CASH HELD	(1 210)	6 131	10 673	7 220	(3 359)	(3 359)	(13 612)	(945)	3 019
Cash/cash equivalents at the year begin:	22 624	21 414	27 545	15	38 218	38 218	34 859	21 248	20 303
Cash/cash equivalents at the year end:	21 414	27 545	38 218	7 235	34 859	34 859	21 248	20 303	23 322

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Cash and cash equivalents totals R34, 859 million (adjustment budget) as at the end of the 2014/15 financial year and decrease to R23, 322 million by the end of 2017/18.

Cash Backed reserves/accumulated surplus reconciliation (Table A8)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	21 414	27 545	38 218	7 235	34 859	34 859	21 248	20 303	23 322
Other current investments > 90 days	0	0	0	-	0	0	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	21 414	27 545	38 218	7 235	34 859	34 859	21 248	20 303	23 322
Application of cash and investments									
Unspent conditional transfers	7 554	5 529	1 312	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	951	1 637	1 355	1 637	1 355	1 355	1 355	1 355	1 355
Other working capital requirements	7 558	14 569	13 994	(6 854)	12 498	12 498	7 398	10 599	18 302
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	55	555	6 555	3 022	6 381	6 381	3 566	3 566	3 566
Total Application of cash and investments:	16 119	22 290	23 216	(2 195)	20 235	20 235	12 320	15 520	23 224
Surplus(shortfall)	5 295	5 255	15 002	9 430	14 624	14 624	8 928	4 783	98

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2011/12 to 2014/15 the situation improve from R5, 295 million surplus to R14, 624 million surplus. However the forecasted surplus for 2015/16 shows the surplus declining to R98 thousand.

Asset Management (Table A9)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	40 114	45 101	45 693	33 548	52 345	52 345	38 827	22 417	6 900
Infrastructure - Road transport	—	—	—	—	—	—	3 800	15 917	5 400
Infrastructure - Electricity	5 216	3 672	2 196	3 900	3 900	3 900	8 830	—	—
Infrastructure - Water	4 105	297	7 077	—	—	—	4 000	—	—
Infrastructure - Sanitation	2 653	196	9 962	—	—	—	6 500	2 500	1 500
Infrastructure - Other	22 989	33 113	16 967	22 964	31 229	31 229	8 900	—	—
Infrastructure	34 964	37 278	36 202	26 864	35 129	35 129	32 030	18 417	6 900
Community	—	3 258	5 625	3 286	12 319	12 319	797	4 000	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	1 187	—	—	—	—	—	—	—
Other assets	5 150	3 378	3 866	3 398	4 897	4 897	6 000	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets	24 784	43 221	17 254	33 999	32 832	32 832	22 120	22 000	40 500
Infrastructure - Road transport	4 528	8 296	5 192	3 263	4 588	4 588	—	—	—
Infrastructure - Electricity	—	4 221	1 843	2 500	4 220	4 220	2 620	—	—
Infrastructure - Water	6 626	8 762	1 039	9 242	5 379	5 379	500	3 000	—
Infrastructure - Sanitation	12 918	20 901	8 644	18 604	17 920	17 920	16 000	19 000	40 500
Infrastructure - Other	—	347	—	—	—	—	3 000	—	—
Infrastructure	24 071	42 527	16 718	33 609	32 106	32 106	22 120	22 000	40 500
Community	—	695	—	—	—	—	—	—	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	713	—	536	390	726	726	—	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Capital Expenditure									
Infrastructure - Road transport	4 528	8 296	5 192	3 263	4 588	4 588	3 800	15 917	5 400
Infrastructure - Electricity	5 216	7 893	4 038	6 400	8 120	8 120	11 450	—	—
Infrastructure - Water	10 731	9 059	8 116	9 242	5 379	5 379	4 500	3 000	—
Infrastructure - Sanitation	15 571	21 097	18 607	18 604	17 920	17 920	22 500	21 500	42 000
Infrastructure - Other	22 989	33 460	16 967	22 964	31 229	31 229	11 900	—	—
Infrastructure	59 035	79 804	52 920	60 473	67 235	67 235	54 150	40 417	47 400
Community	—	3 953	5 625	3 286	12 319	12 319	797	4 000	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	1 187	—	—	—	—	—	—	—
Other assets	5 863	3 378	4 402	3 788	5 623	5 623	6 000	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class	64 898	88 323	62 947	67 547	85 177	85 177	60 947	44 417	47 400
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	73 769	79 489	82 187	78 056	83 717	83 717	84 459	98 260	101 417
Infrastructure - Electricity	30 471	37 483	40 437	39 323	47 115	47 115	57 123	56 175	55 171
Infrastructure - Water	96 003	104 701	110 349	116 638	113 114	113 114	114 999	115 843	113 557
Infrastructure - Sanitation	79 089	99 130	116 637	135 232	131 564	131 564	151 071	171 610	212 592
Infrastructure - Other	36 376	69 734	86 293	313 839	116 418	116 418	127 216	127 084	126 945
Infrastructure	315 709	390 537	435 903	683 088	491 927	491 927	534 867	568 972	609 681
Community	221	1 016	958	8 806	13 018	13 018	13 554	17 504	17 451
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	204 491	145 292	158 513	124 561	149 003	149 003	139 493	127 389	114 559
Other assets	132 629	165 155	203 832	149 990	203 675	203 675	203 894	193 934	183 376
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	2 126	1 893	1 573	1 573	1 254	1 254	934	655	359
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	655 176	703 893	800 780	968 018	858 876	858 876	892 742	908 453	925 425
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	49 320	98 311	32 816	23 081	27 081	27 081	27 081	28 706	30 428
Repairs and Maintenance by Asset Class	15 553	17 849	18 412	22 906	23 179	23 179	28 433	29 987	31 787
Infrastructure - Road transport	2 397	3 731	3 714	4 855	5 685	5 685	5 323	5 491	5 820
Infrastructure - Electricity	1 593	907	167	2 700	980	980	4 700	4 982	5 281
Infrastructure - Water	1 210	1 659	1 490	1 662	1 733	1 733	1 716	1 819	1 928
Infrastructure - Sanitation	1 280	1 617	1 514	1 946	2 309	2 309	2 138	2 266	2 402
Infrastructure - Other	89	82	119	144	144	144	147	155	165
Infrastructure	6 568	7 996	7 003	11 307	10 851	10 851	14 023	14 713	15 596
Community	1 096	764	737	900	950	950	1 100	1 166	1 236
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	7 889	9 089	10 672	10 699	11 378	11 378	13 310	14 108	14 955
TOTAL EXPENDITURE OTHER ITEMS	64 873	116 160	51 228	45 987	50 260	50 260	55 513	58 693	62 215
Renewal of Existing Assets as % of total capex	38.2%	48.9%	27.4%	50.3%	38.5%	38.5%	36.3%	49.5%	85.4%
Renewal of Existing Assets as % of deprecn"	50.3%	44.0%	52.6%	147.3%	121.2%	121.2%	81.7%	76.6%	133.1%
R&M as a % of PPE	3.5%	3.2%	2.9%	4.3%	3.3%	3.3%	3.8%	3.8%	3.9%
Renewal and R&M as a % of PPE	6.0%	9.0%	4.0%	6.0%	7.0%	7.0%	6.0%	6.0%	8.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Although this requirement was met in 2014/15 (50.3% was allocated for the renewal of existing assets), the 2015/16 draft capital budget allocation for renewal of existing assets amounts to 36% which is marginally below the National treasury requirement. This is attributable to the fact that the governments grants has significantly reduced, narrow rates base, tariff increases for 2015/16 already above prescribed norm from National Treasury and the municipality's decision to keep loans to a minimum. The recommendation on repairs and maintenance is not met as the repairs and maintenance spend as a percentage of written down value of assets is 3.8%. The reasons for the non-compliance to this National Treasury guideline are due to the fact that the tariffs are already high. Repairs and maintenance expenditure will also be gradually increased in order to achieve the guideline levels of 8% but also to align the spending with the municipality's maintenance plans and with due regard to affordability and other priorities.

Basic Service Delivery measurement (Table A10)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets									
Water:									
Piped water inside dwelling	16 177	21 572	23 905	23 331	23 331	23 331	23 797	24 273	24 759
Piped water inside yard (but not in dwelling)	—	—	—	—	—	—	—	—	—
Using public tap (at least min.service level)	4 624	5 097	5 097	5 079	5 079	5 079	5 160	5 242	5 326
Other water supply (at least min.service level)	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>	20 801	26 669	29 002	28 410	28 410	28 410	28 957	29 515	30 085
Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	—	—	—	—	—	—	—	—	—
No water supply	61	61	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	61	61	—	—	—	—	—	—	—
Total number of households	20 862	26 730	29 002	28 410	28 410	28 410	28 957	29 515	30 085
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	24 111	11 694	—	23 331	23 331	23 331	23 797	24 273	24 759
Flush toilet (with septic tank)	5 747	5 707	—	1 229	1 229	1 229	1 229	1 229	1 229
Chemical toilet	—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)	—	—	—	—	—	—	—	—	—
Other toilet provisions (> min.service level)	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>	29 858	17 401	—	24 560	24 560	24 560	25 026	25 502	25 988
Bucket toilet	—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)	—	6 514	—	—	—	—	—	—	—
No toilet provisions	475	475	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	475	6 989	—	—	—	—	—	—	—
Total number of households	30 333	24 390	—	24 560	24 560	24 560	25 026	25 502	25 988
Energy:									
Electricity (at least min.service level)	2 159	1 174	201	200	200	200	200	200	200
Electricity - prepaid (min.service level)	3 101	4 864	6 706	5 550	5 550	5 550	5 550	5 550	5 550
<i>Minimum Service Level and Above sub-total</i>	5 260	6 038	6 907	5 750	5 750	5 750	5 750	5 750	5 750
Electricity (< min.service level)	—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)	—	—	—	—	—	—	—	—	—
Other energy sources	—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	—	—	—
Total number of households	5 260	6 038	6 907	5 750	5 750	5 750	5 750	5 750	5 750
Refuse:									
Removed at least once a week	20 862	26 669	29 002	28 844	28 844	28 844	28 957	29 515	30 085
<i>Minimum Service Level and Above sub-total</i>	20 862	26 669	29 002	28 844	28 844	28 844	28 957	29 515	30 085
Removed less frequently than once a week	1	1	—	—	—	—	—	—	—
Using communal refuse dump	1	1	—	—	—	—	—	—	—
Using own refuse dump	7	7	—	—	—	—	—	—	—
Other rubbish disposal	—	—	—	—	—	—	—	—	—
No rubbish disposal	0	0	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	9	9	—	—	—	—	—	—	—
Total number of households	20 871	26 678	29 002	28 844	28 844	28 844	28 957	29 515	30 085
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	5 466	6 011	—	5 779	5 779	5 779	7 589	7 589	7 589
Sanitation (free minimum level service)	3 173	5 862	—	5 687	5 687	5 687	5 687	5 687	5 687
Electricity/other energy (50kwh per household per month)	5 327	2 070	—	5 475	5 475	5 475	5 475	5 475	5 475
Refuse (removed at least once a week)	5 464	6 024	—	5 783	5 783	5 783	6 539	6 539	6 539
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	1 472	2 295	—	6 918	6 918	6 918	9 977	10 576	11 211
Sanitation (free sanitation service)	3 004	3 538	—	5 651	5 651	5 651	7 632	8 090	8 576
Electricity/other energy (50kwh per household per month)	2 343	2 942	—	2 488	2 488	2 488	5 439	5 766	6 112
Refuse (removed once a week)	2 806	4 730	—	7 407	7 407	7 407	9 717	10 300	10 918
Total cost of FBS provided (minimum social package)	9 625	13 505	—	22 463	22 463	22 463	32 766	34 732	36 816
Highest level of free service provided									
Property rates (R value threshold)	50 000	100 000	—	100 000	100 000	100 000	100 000	100 000	100 000
Water (kilolitres per household per month)	6	6	—	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	—	—	—	6	6	6	—	—	—
Sanitation (Rand per household per month)	77	86	—	—	—	—	112	119	126
Electricity (kwh per household per month)	60	70	—	70	70	70	70	70	70
Refuse (average litres per week)	240	240	—	240	240	240	240	240	240
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	952	339	—	882	882	882	1 512	1 602	1 698
Property rates (other exemptions, reductions and rebates)	—	—	—	—	—	—	2 645	2 804	2 972
Water	2 204	2 295	—	6 918	6 918	6 918	9 977	10 576	11 211
Sanitation	3 304	3 538	—	5 651	5 651	5 651	7 632	8 090	8 576
Electricity/other energy	972	2 942	—	2 488	2 488	2 488	5 439	5 766	6 112
Refuse	4 203	4 730	—	7 407	7 407	7 407	9 717	10 300	10 918
Municipal Housing - rental rebates	1 149	1 047	—	1 330	1 330	1 330	—	—	—
Housing - top structure subsidies	—	—	—	—	—	—	—	—	—
Other	1 642	1 830	—	2 825	2 825	2 825	—	—	—
Total revenue cost of free services provided (total social package)	14 426	16 721	—	27 500	27 500	27 500	36 922	39 138	41 486

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services
 - b. Sanitation services
 - c. Electricity services
 - d. Refuse services
3. The Threshold to receive FBE in Theewaterskloof is two times the state old age pension. This threshold was decided on after taking into account the socio-economic and other conditions presently prevalent in the Theewaterskloof Municipal area. The methodology behind this threshold is viewed to be one that is practical, fair, equitable, and justifiable and it does not alienate any group of households. The old age pension is viewed as a relatively accurate measurement of poverty and affordability of municipal services. Decreasing the threshold will in any event result in an escalation of bad debt.
4. The budget provides for +/-7 590 households to be registered as indigent in 2015/16, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities and housing.
5. It is anticipated that these Free Basic Services will cost the municipality R36, 922 million in 2015/16, increasing to R41, 486 million in 2017/18. This is covered by the municipality's equitable share allocation from national government.
6. This need to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 6 per cent of total operating revenue.

6. Overview of Annual Budget Process

Planning Process used to prepare the Annual Draft Budget

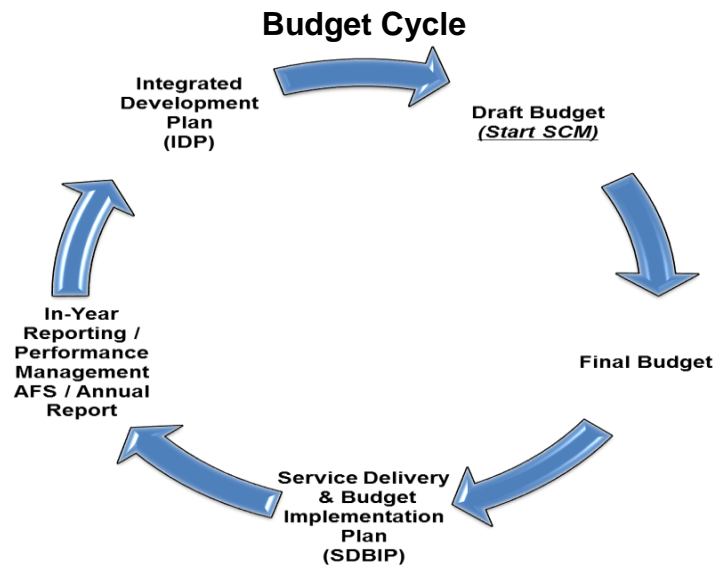
In terms of Section 16 of the MFMA, the Mayor must, at least 90 days before the start of the financial year, table the annual budget at a council meeting. Section 53 requires the Mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations, gazetted on 17 April 2009, states that the Mayor of a municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

Budget guidelines were developed by the Budget and Treasury Office and submitted and approved by the Budget Steering Committee. Various Budget Steering Committee meetings were held where the draft budget was discussed. These meetings were held as follows:

- 22 October 2014;
- 6 November 2014;
- 12 December 2014;
- 26 February 2015; and
- 2 March 2015.

A time schedule outlining important dates and deadlines as prescribed for the IDP/Budget process, Section 21 (1) (b) was approved by council on 31 July 2014. The budget process for the 2015/2016 MTREF period started and will proceed according to the following timeline:

Phase	Activity	Date
Planning	Tabling of Draft IDP/Budget Process Plan for Council approval	31 July 2014
	Strategic Workshop with councillors and Management.	11 - 12 September 2014
Public Participation	Ward committees and Town advisory forums together with town manager to conduct ward/town analysis and prioritize and draft Ward/town IDP's incorporating strategic planning outcomes.	01 - 09 October 2014
	Town Managers and Ward Committees present outcomes of Draft IDP to the communities.	13 - 30 October 2014
Prioritization	Town Managers and Ward committees reprioritize ward IDP's incorporating public input.	27 October - 3 November 2014
	Prioritization-Council IDP workshop	11 November 2014
	Budget workshop- aligning IDP with Budget	24 February 2015
Alignment	IDP indaba	16 February 2015
Tabling	Table Draft IDP and Capital and Operating Budgets at Council in terms of Section 16(2) of the MFMA	26 March 2015
	Advertise draft IDP and Budget for public input	01 - 29 April 2015
Public Participation	Report Back to ward committees/TAF regarding draft IDP and Capital and Operating Budget.	06 - 21 April 2015
Adoption	Approval of IDP and Budget by Council	28 May 2015
Finalizing	Advertise Approved budget, IDP and Tariffs.	02 - 26 June 2014



The process started with the approval of a Time Schedule, ten months before the start of the new financial year in accordance with section 21(1)(b) of the MFMA. The key deadlines for the process to review the IDP, Budget Related Policies and prepare, table and approve the Annual Budget were approved by Council on 31 July 2014. The key deadlines outlined included the deadline for the consultative process as referred to in Chapter 4 of the MSA.

The next step in the Budget Process was Strategizing. A Strategic Planning Workshop of Councillors and Senior Management were conducted on 11 - 12 September 2014 to decide on the Strategic direction of the Council which inform the IDP.

The IDP was then reviewed through processes, mechanisms, and procedures that allow the local community to participate and be consulted on its Development needs and priorities. The Public Participation meetings were held during October 2014 and facilitated by TWK officials, in order to include in the Integrated Development Plan. The purpose of the consultations was to engage and agree with community stakeholders on community needs, setting uniform, realistic, reasonable, and affordable service levels and appropriate tariffs for the delivery of municipal services to the communities.

After the Strategizing Phase and Compiling of the IDP a Draft Operating Budget and Capital Budget was prepared, informed and reconciled with the IDP and reflect the Developmental Needs of the Community. On the 22 January 2015 the Council considered the 2014/2015 Mid-year Review and Adjustment Budget.

In preparing the budget the following were taken into account:

- The Integrated Development Plan (IDP)
- Revenue and Expenditure Projections for future financial years
- The (Draft) National and Provincial Strategic Objectives
- Division of Revenue Act (DORA)
- Realistically Anticipated Revenue
- Affordability and sustainability of Tariffs
- Level of Service and Cost-Recovery

On 10 March 2015 a Council Budget Workshop was held to discuss the Draft Budget and afterwards feedback was given to certain departments to revise their budget accordingly.

- The draft budget is hereby tabled in Council on 26 March 2015.
- Public Consultation will be held during April 2015.
- The draft budget will be advertised for comments till 29 April 2015.
- The Provincial LG MTEC deliberations will be held during April 2015.
- The final operational and capital reviews, tariff reviews, policy reviews and a review of comments will be held during April/May 2015 for the final compilation and completion of the 2015/16 budget.

IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Strategic Plan included the following key IDP goals:

- Financial Sustainability
- Good Governance and Clean Audit
- Institutional Capacity Development
- Basic Service Delivery and Infrastructure
- Local Economic Development and Social Upliftment
- Sustainable Housing Programme
- Environmental Sustainability

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

7. Overview of Alignment of Annual Budget with IDP

An IDP should be utilised as a method to plan for future developments in the areas and to find the best solutions to achieve long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. It is important that the IDP developed by municipalities correlate with National and Provincial intent.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies

It is considered that a well-run budget process that incorporates the IDP will facilitate community input, encourage discussion, promote a better understanding of community needs, provide an opportunity for feedback, and improve accountability, transparency, and responsiveness to the needs of the local communities.

Vision of Theewaterskloof Municipality

To ensure and preserve the heritage and natural resources within the region, create and develop a safe, healthy, crime free, economically stable and viable environment for all.

Mission of Theewaterskloof Municipality

“To provide, develop and promote equal opportunities for everyone to stay in a safe, healthy, crime free, economically stable and viable environment through transparent and effective governance, politically stable, planning, services and the efficient and effective utilisation of resources”

STRATEGIC FOCUS AREAS (SFA)

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. The municipality opted to focus on five strategic areas which would result **in it overcoming its challenges and achieving its vision.**

SFA 1: FINANCIAL VIABILITY

Strategic Goal	Improved Financial Sustainability of the Municipality
Municipal Strategic Focus areas	Financial Viability
Strategic Objective	SO1: Improved Sustainable Financial Management of the Theewaterskloof Municipality and Execute Legislative requirements
Challenges	Low income base (high unrecoverable debt) Reliant on grants (due to high unemployment rate and large indigent population) Global Economic recession This has resulted in an increase in unemployment, greater dependence on grants and subsidies and escalating prices of commodities) The cost of compliance with increased legislation, regulations and accounting standards is not only costing more without any significant tangible benefits to the communities, it is also time-consuming and counter-productive.

Outcome / Impact	Financial Sustainability and improved audit opinion	
Strategic Risks		
Municipal Directorate	Financial Services	
Departmental Objectives	Work towards obtaining a clean audit Vigorous driving and management of projects of the financial sustainability steering committee Review Tariff structure Improved functioning and results of the Revenue Section/improve the collection rate Improved Financial Management	
Municipal Directorate	Corporate Services	
Departmental Objectives	Improved Financial Management	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	Municipal Financial Viability and Management	
National Outcome	A responsive and accountable, effective and efficient local government system	
National Development Plan (2030)	Developing a capable and Development State	
Provincial Strategic Objective	Mainstreaming sustainability and optimising resource-use efficiency	
District Strategic Objective	To attain and maintain financial viability and sustainability by executing accounting services in accordance with National Policy and guidance	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Good systems, compliance, revenue optimisation, financial sustainability planning	National Treasury and Provincial Treasury; ensuring clean audit	Budgets and 3 yr. plans; SDBIP

SFA 2: GOOD GOVERNANCE

Strategic Goal	Good Governance and Clean Audit	
Municipal Strategic Focus areas	Good Governance	
Strategic Objective	SO 2: Good Governance and Improve the auditing status of the Municipality	
Challenges	The cost of compliance with increased legislation, regulations and accounting standards is not only costing more without any significant tangible benefits to the communities, it is also time-consuming and counter-productive.	
Outcome / Impact	Clean audit Improved relationships Improved communication Improved community engagements	
Strategic Risks		
Municipal Directorate	Corporate Services	
Departmental Objectives	Improve the functioning of the ward committee system	
Municipal Directorate	Office of the MM	
Departmental Objectives	Work towards obtaining a clean audit Improved relationships	

	Improved Communication and community involvement
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Alignment with National and Provincial Strategies

Sphere	Description
National KPA	Good Governance and Public Participation
National Outcome	A responsive and accountable, effective and efficient local government system
National Development Plan (2030)	Developing a capable and Development State
Provincial Strategic Objective	Not applicable
District Strategic Objective	To ensure Good Governance practice by providing a democratic and proactive accountable government and ensuring community participation through existing IDP structures

Main Functions and Sector Plans associated with this SO

Municipal Functions	Other spheres	Specific Plans
Council, public and stakeholder participation, ward Committees, policies, bylaws	legislative framework and support	

SFA 3: INSTITUTIONAL DEVELOPMENT

Strategic Goal	Optimisation of Capacity
Municipal Strategic Focus areas	Institutional Development
Strategic Objective	SO 3:Refine and improve the institutional capacity of the municipality
Challenges	Lack of succession planning Trained workforce (water, sanitation, road works etc) Inadequate systems and SOP's Lack/shortage of Man power Lack of office space Shortage of Fleet (Traffic, refuse removal etc.) Poor payment rate
Outcome / Impact	Improved safety in working environment Clean audit Improved processes and productivity Improved IT systems Improved municipal capacity Improved legal compliance Improved processes and productivity
Strategic Risks	
Municipal Directorate	Corporate Services
Departmental Objectives	Launch a productivity improvement plan based on the outcome of a productivity assessment Improved IT service and infrastructure Implement outcome based training strategies and programmes Continuous review of policies and delegations and by-laws Conduct a productivity assessment
Municipal Directorate	Office of the MM
Departmental Objectives	Optimum 30 Optimizing 30 of PMS to ensure continuous performance improvement working towards a clean performance audit

Alignment with National and Provincial Strategies

Sphere	Description
National KPA	Municipal Transformation and Institutional Development

National Outcome	A responsive and accountable, effective and efficient local government system	
National Development Plan (2030)	Developing a capable and Development State	
Provincial Strategic Objective	Mainstreaming sustainability and 31ptimizing resource-use efficiency	
District Strategic Objective	To ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development.	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Organisational Development, Systems		Operational plan, Performance Management System

SFA 4: BASIC SERVICE DELIVERY

SQA 4: BASIC SERVICE DELIVERY	
Strategic Goal	Improve Service Levels
Municipal Strategic Focus areas	Basic Service Delivery
Strategic Objective	SO 4: Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process
Challenges	<ul style="list-style-type: none">• Budget (poor payment rate)• Shortage of Fleet (Traffic, refuse removal etc.)• Lack/shortage of Man power
Outcome / Impact	<ul style="list-style-type: none">• Provide residents with adequate basic services• Conserve and rehabilitate the natural environment• Mitigate the risk of potential disasters• Sustainable water provision• Increased safety• Backlog reduction• Maintained community facilities• Maintained fleet• Improved electricity provision• Increased cemetery capacity• Rehabilitation and maintenance of urban streets• Improved sewerage provision• Improved and sustainable solid waste management• Increased capacity for sustainable sewerage network• Improved stormwater network• Increased revenue collection
Strategic Risks	
Municipal Directorate	Technical Services
Departmental Objectives	<ul style="list-style-type: none">• Mitigate the risk of potential disasters• Manage the municipality's natural resources (Reserves, public open spaces, waterways)• Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program• Conserve the natural environment and improve the quality of our living environment
Municipal Directorate	Operational Services
Departmental Objectives	<ul style="list-style-type: none">• Day to Day Service Delivery• Infrastructure and bulk upgrades
Alignment with National and Provincial Strategies	
Sphere	Description
National KPA	Basic Service Delivery
National Outcome	<ul style="list-style-type: none">• An effective, competitive and responsive economic infrastructure network• Protection and enhancement of environmental assets and natural resources

National Development Plan (2030)	<ul style="list-style-type: none"> • Nation building and social cohesion • Environmental Sustainability and Resilience • Economy and Development
Provincial Strategic Objective	Mainstreaming sustainability and optimising resource-use efficiency
District Strategic Objective	To ensure the Health and safety of all in the Overberg District through the provision of efficient basic services and infrastructure into disaster management, municipal health and environmental management

Main Functions and Sector Plans associated with this SO

Municipal Functions	Other spheres	Specific Plans
Water, sanitation, roads, transport infrastructure, storm water, waste removal, parks, recreation. Forward Planning and integration with Human Settlements	MIG funds and other external funding, DWA initiatives	Master plans; MIG project plans, Water Services Plans,

Strategic Goal	Improve Service Levels
Municipal Strategic Focus areas	Basic Service Delivery
Strategic Objective	SO 6: Increased community safety through traffic policing, bylaw enforcement and disaster management
Challenges	<ul style="list-style-type: none"> • Shortage of Fleet (Traffic) • Lack/shortage of Man power • Lack of updated by-laws
Outcome / Impact	<ul style="list-style-type: none"> • Increased community safety • Improved environmental management
Strategic Risks	
Municipal Directorate	Development Services
Departmental Objectives	<ul style="list-style-type: none"> • Implementation of Town Renewal Strategies by using mechanisms such as Special Rates Areas • Implementation of Law Enforcement Strategy

Alignment with National and Provincial Strategies

Sphere	Description
National KPA	<ul style="list-style-type: none"> • Basic Service Delivery
National Outcome	<ul style="list-style-type: none"> • All people in south Africa protected and feel safe
National Development Plan (2030)	<ul style="list-style-type: none"> • Building Safer Communities
Provincial Strategic Objective	<ul style="list-style-type: none"> • Increasing safety

Main Functions and Sector Plans associated with this SO

Municipal Functions	Other spheres
Planning and Functioning of Settlements and Conservation, Traffic	Planning support (DEADP) and Compliance e.g. NEMA

Strategic Goal	Improve Service Levels
Municipal Strategic Focus areas	Basic Service Delivery
Strategic Objective	SO 6: Increased community safety through traffic policing, bylaw enforcement and disaster management

Challenges	<ul style="list-style-type: none"> • Shortage of Fleet (Traffic) • Lack/shortage of Man power • Lack of updated by-laws
Outcome / Impact	<ul style="list-style-type: none"> • Increased community safety • Improved environmental management
Strategic Risks	
Municipal Directorate	Development Services
Departmental Objectives	<ul style="list-style-type: none"> • Implementation of Town Renewal Strategies by using mechanisms such as Special Rates Areas • Implementation of Law Enforcement Strategy

Alignment with National and Provincial Strategies

Sphere	Description
National KPA	<ul style="list-style-type: none"> • Basic Service Delivery
National Outcome	<ul style="list-style-type: none"> • All people in south Africa protected and feel safe
National Development Plan (2030)	<ul style="list-style-type: none"> • Building Safer Communities
Provincial Strategic Objective	<ul style="list-style-type: none"> • Increasing safety

Main Functions and Sector Plans associated with this SO

Municipal Functions	Other spheres	Specific Plans
Planning and Functioning of Settlements and Conservation, Traffic	Planning support (DEADP) and Compliance e.g. NEMA	Law Enforcement Strategy, SDF

Strategic Goal	Improve Service Levels
Municipal Strategic Focus areas	Basic Service Delivery
Strategic Objective	SO 7: To develop integrated and sustainable human settlements that will address the housing demand within the Theewaterskloof Area
Challenges	Influx of indigent people Increased demand on housing Land availability Funding
Outcome / Impact	Sustainable human settlements
Strategic Risks	
Municipal Directorate	Development Services
Departmental Objectives	The establishment of sustainable rural settlements in the villages of Klein begins, Nuweberg and Lebanon in following the Comprehensive Rural Development Process. Provision of GAP housing Provision of economic and social facilities Ensure unbiased allocation of housing opportunities Acquire land for planned integrated Human Settlements Implementation of the Human Settlements Program which includes programs such as IRDP, EHP & EPHP) & Provision and Implementation of serviced sites

Alignment with National and Provincial Strategies

Sphere	Description
National KPA	Basic Service Delivery
National Outcome	Sustainable human settlements and improved quality of household life
National Development Plan (2030)	Transforming Human Settlements
Provincial Strategic	Developing integrated and sustainable human settlements

Objective		
District Strategic Objective	To ensure the Health and safety of all in the Overberg District through the provision of efficient basic services and infrastructure ito disaster management, municipal health and environmental management	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
planning and implementing housing projects with govt funds, GAP housing, managing emerging settlements	DHS, Human Settlement Projects	Human Settlement Plan & Housing Pipeline

SFA 5: LOCAL ECONOMIC DEVELOPMENT

Strategic Goal	
Municipal Strategic Focus areas	Local Economic Development
Strategic Objective	SO 8: Creating and enabling environment favorable for economic and human development in a sustainable manner
Challenges	High level of unemployment Lack of interest of local labour in working in the Agricultural sector Poor quality of education Not enough housing stock in the area to attract paying residents High level of imports into the municipal area increasing costs. High level of substance abuse among youth
Outcome / Impact	Improved economic growth Improved social conditions
Strategic Risks	
Municipal Directorate	Development Services
Departmental Objectives	Replication of the methodology used to successfully attract private sector investment to Elgin/Grabouw to at least one other area in the Theewaterskloof jurisdiction Implement the Youth Development Strategy in line with National programs such as EPWP, CWP and the youth entrepreneurial project Facilitate the establishment of partnerships that will result in the improved social conditions of certain communities (vulnerable groups) Establish an investor and developer institutional friendly environment within the Municipality Contracting and Implementation of the Grabouw Investment Initiative

Alignment with National and Provincial Strategies

Sphere	Description
National KPA	Local Economic Development
National Outcome	Decent employment through inclusive economic growth
National Development Plan (2030)	Economy and Development
Provincial Strategic Objective	Creating opportunities for growth and jobs
District Strategic objective	To promote local economic development by supporting initiatives in the District for the Development of a sustainable district economy

Main Functions and Sector Plans associated with this SO

Municipal Functions	Other spheres	Specific Plans
Creating Framework for Growth, Job Creation, Tourism, Specific Projects, PPPs, Town	DEADP, DoEDT Thusong initiative, CDWs, DECAS, DoE, DoSD, Rural	SDF, LED strategy Youth Development Strategy. EPWP Strategy, 2030 Strategy, 2030 Projections, Green Economy, Tourism sector plan, Destination Marketing Plan

Planning Health and Safety,, everything to do with soft services and recreation, human development, education and training	Development	
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In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Reconciliation between the IDP strategic objectives and budgeted revenue (Table SA4)

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Institutional Development	Refine and Improve the institutional Capacity of the municipality	640	625	232	890	769	769	1 645	1 743	1 848
Financial Viability	Improved Sustainability Financial Management of the Theewaterskloof Municipality and execute Legislative requirements	88 384	101 616	118 607	119 208	121 002	121 002	132 549	137 372	148 656
Local Economic Development	Creating an enabling environment favourable for economic and human development in a sustainable manner.	5 666	7 906	7 676	16 648	7 971	7 971	8 269	8 764	9 291
Good Governance	Good Governance an Improve the auditing status of the Municipality	3 565	6 361	5 520	7 162	6 625	6 625	1 017	1 094	1 176
Basic Service Delivery	Infrastructure and Bulk Upgrades and replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process									
	Improved Environmental Management	205 718	261 771	307 218	268 438	317 984	317 984	322 725	326 905	338 556
	Increase community safety through traffic policing, bylaw enforcement and disaster management									
	To develop integrated and sustainable Human settlements that will address the housing demand with in the TWK area									
Human Development		-	-	-	6 230	-	-	-	-	-
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributions)		303 973	378 278	439 252	418 577	454 351	454 351	466 204	475 878	499 527

Reconciliation between the IDP strategic objectives and budgeted operating expenditure
(Table SA5)

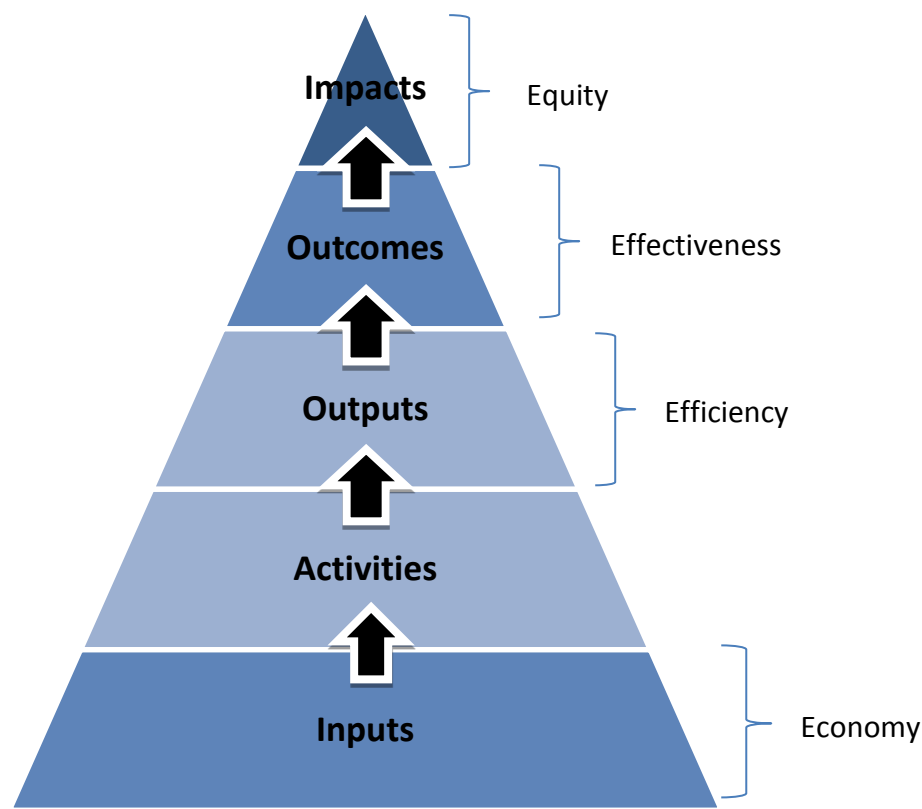
Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Institutional Development	Refine and Improve the institutional Capacity of the municipality	9 671	8 929	10 631	890	12 049	12 049	13 993	14 954	15 983
Financial Viability	Improved Sustainability Financial Management of the Theewaterskloof Municipality and execute Legislative requirements	27 141	27 118	30 387	38 979	34 429	34 429	37 711	41 106	46 042
Local Economic Development	Creating an enabling environment favourable for economic and human development in a sustainable manner.	18 290	20 490	21 760	27 374	24 472	24 472	26 898	28 930	31 228
Good Governance	Good Governance an Improve the auditing status of the Municipality	35 750	31 231	38 598	55 460	45 978	45 978	45 136	48 296	51 684
Basic Service Delivery	Infrastructure and Bulk Upgrades and replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process									
	Improved Environmental Management	230 467	275 980	279 258	235 341	293 767	293 767	326 892	333 460	346 888
	Increase community safety through traffic policing, bylaw enforcement and disaster management									
Human Development	To develop integrated and sustainable Human settlements that will address the housing demand with in the TWK area									
		-	-	-	13 548	-	-	-	-	-
Allocations to other priorities										
Total Expenditure		321 319	363 748	380 634	371 591	410 694	410 694	450 630	466 746	491 826

8. Measurable performance objectives and Indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

Performance information needs to be structured to demonstrate clearly how the municipality uses available resources to deliver on its strategic objectives.

In managing for results, budgets are developed in relation to inputs, activities and outputs, while the aim is to manage towards achieving the outcomes and impacts. The image below illustrates the relationship between these core performance information concepts.



Economy indicators: explore whether specific inputs are acquired at the lowest cost and at the right time.

Efficiency indicators: explore how productively inputs are translated into outputs. An efficient operation maximises the level of output for a given set of inputs, or it minimises the inputs required to produce a given level of output.

Effectiveness indicators: explore the extent to which the outputs of an institution achieve the desired outcomes. An effectiveness indicator assumes a model of how inputs and outputs relate to the achievement of an institution's strategic objectives and goals.

Equity indicators: explore whether services are being provided impartially, fairly and equitably. Equity indicators reflect the extent to which an institution has achieved and been able to maintain an equitable supply of comparable outputs across demographic groups, regions, urban and rural areas, and so on.

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

Key financial indicators and ratios (table SA8)

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Borrowing Management</u>										
Credit Rating		N/A	N/A	BBB+	BBB+	BBB+	BBB+			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6.4%	5.3%	5.1%	5.5%	4.8%	4.8%	4.5%	4.9%	4.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	10.6%	8.3%	6.9%	7.9%	7.3%	7.3%	7.0%	7.3%	7.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	95.1%	0.1%	69.8%	44.2%	25.7%	25.7%	51.7%	0.0%	25.6%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	982.3%	254.0%	125.3%	233.4%	130.2%	130.2%	138.3%	128.5%	121.4%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	0.8	0.9	1.1	0.9	1.0	1.0	0.9	0.8	0.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.8	0.9	(0.4)	(1.1)	(0.9)	(0.9)	(0.8)	(1.3)	(1.6)
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.4	0.6	0.1	0.6	0.6	0.3	0.3	0.3
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		80.1%	71.9%	71.2%	88.5%	86.9%	0.0%	83.7%	88.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		80.1%	71.9%	71.0%	88.5%	86.9%	86.9%	83.7%	88.8%	88.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	8.0%	11.4%	9.2%	12.3%	6.9%	6.9%	8.5%	6.8%	5.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		109.5%	144.0%	103.1%	451.9%	103.1%	103.1%	177.6%	184.2%	169.1%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)									
	Total Cost of Losses (Rand '000)	3 483 001	3 092 625	2 444 153	2 703 399	2 703 399	2 703 399	2 870 922	2 928 340	2 966 907
	% Volume (units purchased and generated less units sold)/units purchased and generated	1 999 243	2 013 299	1 402 944	1 997 001	1 997 001	1 997 001	2 417 654	2 707 772	2 978 549
		5.75%	5.27%	4.01%	4.53%	4.53%	4.53%	4.70%	5.00%	6.00%
Water Distribution Losses (2)	Total Volume Losses (kl)									
	Total Cost of Losses (Rand '000)	220 646	672 530	1 071 916	747 257	747 257	747 257	648 902	610 360	589 560
	% Volume (units purchased and generated less units sold)/units purchased and generated	1 423 167	4 405 072	9 700 840	5 454 972	5 454 972	5 454 972	5 210 683	5 391 309	5 728 341
		5.64%	15.06%	22.32%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Employee costs	Employee costs/(Total Revenue - capital revenue)	43.9%	36.0%	31.9%	38.4%	35.9%	35.9%	35.8%	37.5%	38.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	46.8%	38.4%	34.0%	41.0%	38.3%	38.3%	38.2%	40.0%	41.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.3%	5.8%	4.7%	6.3%	5.9%	5.9%	6.6%	6.8%	6.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	25.0%	36.4%	11.6%	10.0%	10.1%	10.1%	9.5%	9.7%	9.8%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11.7	12.1	17.5	15.8	15.8	15.8	16.6	17.0	18.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	12.1%	19.3%	17.6%	19.7%	11.9%	11.9%	14.2%	11.2%	8.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.1	1.4	1.5	0.3	1.2	1.2	0.7	0.6	0.7

Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Theewaterskloof Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The municipality's debt portfolio is consisting out of annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has decreased from 6.4 per cent in 2011/12 to 4.5 per cent in 2015/16
- This decrease can be attributed to fewer loans taken up to fund portions of the capital programme. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Lower figures are more acceptable, showing that the company is predominantly financed by equity whilst high gearing shows an over reliance on borrowings for a significant proportion of the municipality's capital requirements. During the 2011/12 financial year the ratio was extremely high at 982.3 per cent. Although the ratio continues to improve from 254 per cent in the 2012/13 financial year to 138.3 per cent in 2015/16, it is still regarded as much too high and every effort should be made to reduce long term borrowing and to increase reserves.

Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and the benchmark would normally be set at a limit of 1, hence at no point in time should this ratio be less than 1. In the 2012/13 financial year the current ratio was 0.9, it increased to 1.1 in the 2013/14 financial year and thereafter a steady decrease is forecasted from 1.0 in 2014/15 to 0.8 in 2017/18. Going forward it will be necessary to increase these levels to allow the municipality to be able to pay its liabilities when it falls due.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything

below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 0.4 and is decreasing to 0.3 in the 2015/16 financial year.

Revenue Management

As part of the financial sustainability strategy, initiatives have been implemented to increase cash inflow such as prepaid water and electricity meters for all. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Various other interventions are currently in process such as the Grabouw and Tesselaarsdal data cleansing, the restructuring of the revenue function and the task team for revenue management investigating the critical causes of a low collection rate which include systems, processes and data management.

Creditors Management

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. The municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

Other Indicators

- The electricity distribution losses have been set at 2,870,922 kw for 2015/16. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity, including prepaid meters.
- The water distribution losses in 2012/2013 were 672,530 kl. The 2014/15 target is set at 747,257 kl. Initiatives such as free water leakage repair for indigent and prepaid water meters will assist in this regards.
- Employee costs as a percentage of operating revenue decrease from 36% in the 2012/13 to 35.9% in 2014/15 and further decreasing in the 2015/16 year to 35.8%

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality.

For the 2015/16 financial year +/- 7 590 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water and sanitation, 70 kwh of electricity and free waste removal, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) on page 23.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are taken into account in the table noted above.

Providing clean water and managing waste water

Drinking Water Quality and Waste Water Management

There are eight towns each with its own water and waste water treatment facility that falls under the management of the Theewaterskloof Municipality Authority except, for Caledon. The latter receives water from a service provider, Overberg Water.

1. Blue Water Audit for 2012

The performance of Theewaterskloof Municipality is still classified as satisfactory and ranked us the 18th best on the Provincial Blue Drop log, despite the fact that the momentum of last year's improvement could not be maintained. This would be mostly due to the rate of drinking water quality compliance not being according to expectation, but there would be enough progress with the implementation of regulatory requirements. Each water system was assessed against a set of criteria in a Performance Area. The overall score generated in the specific performance area is displayed in table below.

Performance Area	System	Caledon	Botrivier	Voorstekraal/Bereaville	Genadendal
Water Safety Planning		81	66	50	52
Treatment Process Management		78	59	50	51
DWQ Compliances		89	45	100	100
Management, Accountability		78	58	58	58
Asset Management		74	62	44	44
Bonus score		2.77	6.38	4.5	3.1
Blue Drop Score		84.29	61.74%	52.76%	68.66%
Performance Area	System	Grabouw	Greyton	Riviersonderend	Tesselaardal
Water Safety Planning		70	52	56	50
Treatment Process Management		75	51	51	40
DWQ Compliances		55	45	55	73
Management, Accountability		58	58	58	43
Asset Management		58	50	47	62
Bonus score		3.34	4.50	4.15	3.89
Blue Drop Score		65.25%	54.46%	58.06%	60.65%

Performance Area	System	Villiersdorp
Water Safety Planning		55
Treatment Process Management		40
DWQ Compliances		100
Management, Accountability		61
Asset Management		44
Bonus score		3.07
Blue Drop Score		68.93%

1.1 Water Safety Plan

DWAF has offered to assist us to draw up these plans for at least one of our town. All role players were involved in this project in order to understand and complete the plans for the remaining systems.

1.2 Treatment Process Management

All process controllers and treatment works are registered and uploaded on the Blue and Green drop regulatory systems but, we do not fully comply with regulation 2834 that states, that the registered process controllers comply with the legislative requirements in terms of

- Number of Process Controller per shift
- Complying with the required classification level of the treatment works and that the supervisor preferably on a higher classification level as that of the process controller on shift.

Record keeping of all water related incidents that may have an impact on the immediate or greater community.

It is a Blue and Green Drop necessity to have a qualified process controller on a Water and Wastewater Treatment System. The lack of skilled process controller and supervisors is just one of the many criteria that are needed for Blue & Green Drop Status achievements. At this stage our senior process controllers have completed an appropriate NQF 2 training in water & wastewater treatment at the Water Academy. This type of training will allow these process controllers to be fully qualified and skilled in their current position. In conjunction, DBSA launched a supervisory course for the Technical Officers that amplified the importance of operational and compliance monitoring, proper management of assets and financial management.

1.3 Drinking Water Quality Compliances

Failure to achieve 100% compliance can be linked to numerous factors including:

- Incompetency of the process controller so therefore training needed or
- The process controller doesn't do daily operational monitoring to detect failures earlier before its reach the consumers
- Proper equipment's need to be place in order to do sampling

- Improper implementation of incident reporting regarding failure therefor trigger late response management
- Treatment Works operate above its design capacity or treatment works not design to remove certain parameters. Process audit need to be conducted to see how the treatment can optimize.

The monitoring program was not sufficient so we approach/got assistance from other local municipalities who scored 100% in these criteria. The program is compiled in such a way that at the end of the year a full analysis of the parameters as prescribed in the South Africa National Standard 241 (SANS 241) is generated, that is compulsory for the assessment. Provision of such analysis is made with the new Water Quality Tender/ contract with AL Abbott.

1.4 Management, Accountability

Management accountability weight 10% of the total allocated blue drop score. Management commitment is measured by approval of the Water Management Plans, as the municipality has a responsibility towards the direct consumer and broader public that we serve. We therefore need to inform them about the status of the drinking water delivered. Communication can proceed via SLA's; posters; data submission to DWAF and newspaper publications.

1.5 Asset Management

The absence of Operational & Maintenance manuals on site, calibration certificates of water meters and availability of maintenance team competency from service providers influence the overall marked scored in this performance area. Some of the old treatment system lack proper or full O&M manual but with the assistance of Wamtechnology the Operational and Maintenance manuals were compiled

9. Overview of Budget Related Policies

The following Budget-Related Policies have been approved by Council or have been reviewed and amended in line with National Guidelines and Legislation.

7.1. Tariff Policy

The municipality wishes to achieve the following by adopting this policy:

1. To comply with the provisions of Section 74 of the Local Government: Municipal Systems Act, 2000 (MSA): the municipality must adopt and implement a Tariff Policy on the levying of fees for municipal services provided by municipality
2. To comply with Section 62(1) (f) of the MFMA which states that the Accounting Officer must ensure that a municipality has and implement a Tariff Policy
3. To prescribe Procedures and Principles (as defined in Section 74 (2) of the MSA for calculating tariffs where the municipality wishes to implement service providers in terms of Section 76(b) of the Act.
4. To give guidance regarding tariff proposals and calculations to provide a framework to determine fair, transparent and affordable charges that also promote sustainable service delivery.

The policy ensures a holistic and comprehensive overview on all the revenues / charges levied.

7.2. Credit Control and Debt Collection Policy

This policy has been formulated and developed in order to comply with Section 96 - 98 of the Local Government: Municipal Systems Act, 2000 which states:

In terms of Section 96 of the MSA a municipality-

- (a) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and
- (b) for this purpose, must adopt, maintain and implement a Credit Control and Debt Collection Policy which is consistent with its rates and tariff policies and complies with the provisions of the MSA.

This policy is also aimed at guiding officials in the legislative implementation of processes necessary to ensure optimal revenue generation and collection. Increased revenue forms the basis for effective service delivery, infrastructure development, and economic growth.

In line with the objective of creating a vibrant and growing municipality, the Credit Control, and Debt Collection Policy is also aligned to the Batho-Pele Principles.

7.4. Cash Management and Investment Policy

In terms of Section 13 (2) of the Municipal Finance Management Act, 2003 the municipality must establish an appropriate and effective Cash Management and Investment Policy.

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing the cash resources of the municipality and to ensure transparency, accountability, and appropriate lines of responsibility.

7.5. Grant in Aid Policy

A Grant in Aid Policy was developed and approved by council in 28 October 2010 in terms of Section 67 of the MFMA.

It deals with processes and procedure to be followed when the municipality allocates grants to other institutions in an equitable and transparent manner and in line with IDP Objectives.

Provisions and disclosure must be made for Allocations under consideration in the draft budget and other prescribed budget related documents for public comments.

Applications are made in line with Section 67 of the MFMA and the policy on a prescribed application form. The name of the institution, grant amount and description should be disclosed on the Grant Statement.

7.6. Asset Management Policy

This policy has been designed to assist management and officials of the Theewaterskloof Municipality with the description and management procedures for Property, Plant and Equipment, Intangible Assets, and Investment Property.

It further aims to ensure that the assets of the municipality are properly accounted for, marked and to ensure that assets are utilized and maintained in an economic, effective, and efficient manner to ensure optimal utilization, value for money and sustainable service delivery.

7.7. Risk Management Policy

Section 62 (1) of the MFMA requires that the Accounting Officer takes all reasonable steps to ensure that the municipality has and maintains effective, efficient, and transparent systems of Financial and Risk Management, of internal control and of internal audit as well as the effective, efficient, and economical use of the resources of the municipality.

The purpose of the Risk Management Policy is to enable the municipality not only to comply with legislation but also to manage risks by reducing/eliminating the likelihood and impact of risks in a pro-active, responsible and structured manner.

7.8. Virement Policy

Virement is process of transferring funds from one line item to another within one vote with the approval of the relevant Senior Manager and CFO, to enable Budget Manager to transfer funds from one vote line-item with anticipated savings to another.

The aim is to improve financial controls over the processes and procedures of transferring funds and to ensure accountability and improved Budgetary Control.

7.9. Anti-Corruption Policy

To ensure that the Municipality is in compliance with the Municipal Systems Act, Act No 32 of 2000 which requires the Municipality, amongst other things to develop and adopt appropriate systems and procedures that contribute to effective and efficient management of the municipality and its resources.

7.10. Funds and Reserves Policy

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes. and

- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced with if the funding sources have been considered, are available and have not been committed for other purposes.

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines in ensuring financial viability over both the short- and long term and includes funding- as well as reserves requirements.

7.11. Short Term Insurance Policy

The MFMA was introduced with the following objective:

- *The object of this Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for—*
 - a) *ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;*
 - b) *the management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;*

The objective of this Short Term Insurance Management Policy is to ensure that the;

- ✓ municipality has transparent Insurance claim processes and procedures;
- ✓ general public are informed about the correct processes & procedures when filing a claim with the municipality;
- ✓ general public are aware of the required documentation when filing a claim with the municipality;
- ✓ managers and staff are aware of their responsibilities with regards to insurance management;
- ✓ managers and staff are informed about the correct processes & procedures when reporting;
- ✓ managers and staff are aware of the required documentation when filing a claim with the municipality;
- ✓ unions are informed about the correct processes & procedures;
- ✓ unions are aware of the required documentation;

All the above-mentioned Policies were approved by Council and are reviewed at least annually. The policies are available on the municipality's website.

3.12. Policy on the Writing-Off of Irrecoverable Debt

The purpose of this policy is to ensure that the principles and procedures for the writing-off of irrecoverable debt are formalised to ensure that consumers (especially households) are relieved of their spiral of debt.

10. Overview of Budget Assumptions

The Challenge of the International, National and Local Economy is limited Resources versus unlimited needs. Theewaterskloof Municipality is no exception as the unlimited needs of the community as outlined in the IDP are far more than the limited revenue and resource capacity of the municipality. This is largely the reason for adopting Financial Viability as one of our long-term themes defined as improved sustainable revenue capacity versus sound financial resource management.

The Ministerial Advisory Committee defines **Financial Viability** as “the ability of a local authority to fulfil its constitutional and legislative responsibilities. Resources to fulfil these obligations are derived from both the Equitable Share received and distributed nationally, as well as the revenue a municipality can raise locally”.

It is important to highlight the following assumptions:

1. Salaries:

Increase is 8.5%

2. Councillors Remuneration:

6% increase is budgeted for.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the budget.

3. Tariffs & Revenue Projections:

Tariffs must be cost-reflective as far as possible because any subsidisation places a burden on another group of consumers. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper limit of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The municipality is currently investigating the different tariff structures in the municipality, including the effect of the level of cross subsidization between different functions on tariffs, with the aim to re-introduce cost recovery tariffs for all services in the next financial year. This is also a requirement set by the National Treasury. The 2015/16 financial year will see the introduction of a number of new bylaws, some of which will have a direct impact on tariffs and municipal revenue, the municipality has already began to structure these tariffs in such a manner that bylaws can be optimally enforced.

Increases are as follows:

<u>Service</u>	<u>Increase</u>
Assessment Rates	9.5%
Refuse	16%
Water	7%
Sewer	9%
Electricity	12.2% (Subject to approval of NERSA)

Eskom Bulk Electricity Tariff

Bulk purchases will increase with 14.24% (With the final approval of NERSA)

5. Bulk Water Tariff:

The bulk water tariff has increased by 11.5%

6. Insurance

6% increase according estimated CPI

7. Other Expenditure

-Fuel:

The budget for the 2015/16 financial year amounts to R4.9m.

-Ward Committee Allowances/Stipends:

R467, 000 provided for Transport, Telephone and Stationery.

-MSIG Application of Funds:

Each Directorate must provide their Projects, clearly stating the impact/outcomes and credible costing

- Financial Viability:

R300,000 provided to ensure that initiatives/interventions are adequately resourced

-Repairs & Maintenance:

Delayed Maintenance result in disrepair and is more expensive due to price increases and the problem increases.

R31, 566 million budgeted (7% of Budget) and the largest slice is taken by Networks (R7, 639m or 24%) and R7, 611m (24%) for Land and Buildings and R5, 023m (15%) for Roads and Storm water.

The budget for repairs on vehicles amount to R3, 042m while an amount of R2, 042m was provided for maintenance. In relation to the value of Fixed Assets this may be interpreted to be out of proportion.

-Indigents Subsidies:

We provided for +/- 7,590 Households. This figure seems to be realistic as there are many occupants of RDP Houses whether the beneficiaries or not who would qualify for Indigents Subsidy. Revenue Cost = R36, 922 million.

The following problem areas are key factors to be addresses to ensure that the municipality is financial viable:

- Subsidisation of rates funded services from trading services
- No contribution to a capital replacement reserve fund
- Productivity and Cost Cutting Measures
- Ageing Infrastructure and inadequate provision for repairs and maintenance
- Outdated fiscal model and limited grant funding for the benefit of indigent communities only
- Institutional capacity and development sustainability
- Uncontrolled Influx of Indigent People
- Narrow Revenue Base of the municipality
- Lack of Accurate Data Required for Longer Term Financial Planning
- Unfunded Mandates

“Mind the Gap” has been identified in a previous financial year. It remains relevant as it is crucial to narrow the gap between the expectations of the departments, the wider community of TWK and the financial and other resource capacity of the municipality. This includes managing and reducing high stakeholders/ community expectations and increasing capacity/ resources/

efficiency and effectiveness. First, it is important to determine/ assess the financial health and potential (where we are). Then match available resources and potential resources (including financial) against Service Delivery, Infrastructure and Capital Needs for the next 5 years.

Local Economic Development (LED) is a very important focus area as we need to broaden our Revenue Capacity by developing in the area. The Successful implementation of the Local Economic Development Strategy is a very important to enhance the Financial Viability of the municipality as LED have a definite impact on job creation, development, etc.

The Primary Focus of LED is:

- Social and Economic Development and Tourism.
- Tourism promotion and destination marketing
- SMME Development and Support

Service Delivery remains a challenge for South African municipalities. Since 2006/2007 the municipality has embarked on a process of filling vacancies to ensure that we have the capacity to deliver services. The South African Government highlighted targets to accelerate Service Delivery in SA and TWK acknowledges it.

Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors, such as Demographics, Socio-Economic and Financial Factors and Principles and planning strategies have informed the compilation of the 2015/16 MTREF:

- CPI
- Interest Rates
- Fuel Price
- Economic Growth
- Economic Recession/ Job Losses
- Councillor's and Officials' Remuneration
- Debt Collection Rate
- Tariff Adjustment
- Indigent Increase
- Informal Settlement Control
- Migration/ Population Increase
- Equitable Share
- Bulk Purchase Tariff Increase

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 55, 58, 66, 67, 70 and 72, 74 have been taken into consideration in the planning and prioritisation process.

Economic Growth

South Africa's economy grew by 1,5% in 2014, down from 2,2% in 2013, according to preliminary estimates of real gross domestic product (GDP) released by Stats SA. Eight of the ten industry groups experienced some growth during the year, while two industries shrank in size. The industry that grew the fastest in 2014 was agriculture¹, expanding by 5,6%, with government services coming in second place at 3,0%.

Economic Recession/Job Losses

Unemployment remains SA's single greatest economic and social challenge. Government measures include tax incentives for employment and investment, support for enterprise development, skills development and employment programmes.

Historically, from 2000 until 2012, South Africa Unemployment Rate averaged 25.49 Percent reaching an all-time high of 31.20 Percent in March of 2003 and a record low of 21.90 Percent in December of 2008. Statistics South Africa released the employment figures for the last quarter of 2014. The report shows that there are now 15, 3 million people who are employed in South Africa. Jobs grew by 203 000.

In South Africa, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force. However, as much of South Africa's unemployment problem is structural in nature, it needs to be addressed through structural microeconomic interventions, and the new growth path, as outlined by government, goes some way in this direction

TWK supports this initiative by utilizing the Expended Public Works Program (EPWP).

Theewaterskloof's Gross Value Add (GVA) in 2013, which reflects the monetary value of the local economy, is R 5.24 billion per annum in current prices or R 2.97 billion in constant (2005) prices. This represents 40.2% of the R 13.03 billion Overberg economy and 1.2% of the R 424.12 billion Western Cape economy, the "second highest economic hub in SA after Gauteng". Of the total GVA generated by the District, Theewaterskloof contributes the highest GVA of 40.2% followed by Overstrand at 28.4%, Cape Agulhas at 15.7% and Swellendam at 15.7% respectively. The average annual GVA growth rate for the last 5 years in Theewaterskloof was 0.9% p.a. which is lower than the National (1.9%) and Western Cape (2.0%) averages for the same period, indicating a need to promote local economic development in the area. (INCA 2014)

Councillors and Officials Remuneration

Councillors Remuneration is expected to increase by 6% and is also beyond the control of the municipality as increases in Councillor Remuneration are determined by the National Government in terms of the Remuneration of Public Office Bearers Act. It is extremely unfortunate that due to the upgrading of the Municipality to a grade 4 municipality had resulted in a reduction in the Equitable share allocation amounting to R4,2 million.

Debt Collection Rate

The target for Debt Collection Rate for 2015/2016 is 92% and is determined in accordance with the realistically anticipated collection trends. Whilst there are pertinent and somewhat unique problems experienced by the TWK Municipality in performing effective credit control, every effort will be made by the municipality to achieve at least 92% collection ratio during 2015/16. In this regard, the following interventions are currently in progress or will be undertaken:

- Decentralisation of credit control and debt collection function for the town of Grabouw
- Door to door campaign to update indigent register and consumer account details
- Intensified action against defaulters
- Setting of targets for debt collection and weekly performance monitoring

- Employing additional resources to raise community awareness and to run a campaign aimed at marketing the municipality and changing community attitude.
- Roll out of prepaid water meters and tariff restructuring
- Conduct a water meter audit

Tariff Adjustment

A “zero-base” approach to improve on tariff setting, ensuring that the principles of benefit received, cost of service and cost-recovery, affordability and sustainability is taken into consideration.

A Briefing- Session was conducted and one-on-one Sessions were held with Directorates Operations, Development and Technical Services and Town Managers on 11 February 2015.

These engagements were dedicated to tariffs and the process of rationalization of services, identification of various categories of consumers, the level of services rendered/demanded and the levying of appropriate cost-recovery tariffs.

Factors impacting on Tariff Increases

The following factors were taken into consideration when calculating proposed tariff increases:

- Affordability
- Economic Recession, Job Losses
- Councillors Remuneration
- Personnel Cost
- Escalating Fuel Prices
- Economic Indicators (CPI, Interest Rates)
- Escalating Bulk Purchases Prices (Water and Electricity)
- Increasing Indigents
- Electricity Bulk Price Increases (Eskom)
- Repairs and Maintenance
- Willingness and Ability to Pay
 - ✓ The Level/Standard of Service: the higher the level and standard, the higher the tariffs.
 - ✓ Benefit Received
 - ✓ Affordability
 - ✓ Reputation: Good Governance
 - ✓ Good Service Delivery also ensures improved willingness to pay
 - ✓ Recover of Capital and Usage Costs

Deliverables

- The possibilities of Rationalisation of Tariffs (number reduced)
- Tariffs and Tariff Policy simplified for easy understanding and enhanced transparency.
- Service Delivery Cost fully calculated and tariffs should reflect full cost.
- Tariff Setting ensures the Sustainability of Services.
- Tariff Policy must reflect the Financial Strategies.

Tariff Goals

- Revenue Sufficiency
- Affordability of services
- Promoting local economic development
- Wasteful use of service discourage

- Rate of return on assets (in order to ensure allowance is made for the future expansion of infrastructure)

Equitable Share

The Equitable Share increased from **R62, 481m** in 2014/15 to **R63,908m** 2015/16.

Years	Equitable Share	Indigent Subsidy	Subsidy as a % of Equitable
2010/2011	43 655	19 486	45%
2011/2012	46 935	21 035	45%
2012/2013	53 343	20 492	38%
2013/2014	57 262	22 914	40%
2014/2015	62 481	27 500	44%
2015/2016	63 908	32 922	52%

Indigents Subsidy

The number of indigent Households is projected to increase. This anticipated increase is mainly caused by high levels of unemployment in the Theewaterskloof region, Agricultural Seasonal Employment and Influx of Indigent people seeking greener pastures. This trend will have a significant impact on the Equitable Share Grant Allocation.

Informal Settlement Control

Based on the survey conducted by LMS it is evident that squatter control is becoming an unavoidable issue which needs to be managed more pro-effectively. The municipality is actively pursuing ideas to establish a squatter control unit to address this issue.

Migration/ Population Increase

According to the census 2001 Theewaterskloof had a population of 93,276, and the results of the 2011 census the population is 108,790 which shows an estimated increase of 14%.

The population growth is especially in the Grabouw and Villiersdorp Farms is due to the agriculture sector being one of the major economic activities in TWK. The agriculture sector, more intensively in the Fruit production is labour-intensive and seasonal. These farm workers are only economically active for a certain period of the year and can contribute to revenue (municipal service) only during that period.

The result of the increase in the population is that there is an increase pressure on our public services such as Clinics, Law Enforcement, and our infrastructure and land availability for houses.

Community Consultation

The draft 2015/16 MTREF will be tabled before Council on 26 March 2015 for community consultation and will be published on the municipality's website, and hard copies made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees and Town Advisory Forum, which serve as the representative forums of stakeholders and form the link between the Municipality and the community, will be utilised to facilitate the community consultation process during April 2015, and included nine public briefing sessions. The applicable dates and venues will be published in all the local newspapers.

11. Overview of Budget and Funding

In terms of Section 18 of the Municipal Finance Management Act, an Annual Budget may only be funded from:

- Realistically anticipated revenues to be collected
- Cash backed accumulated funds from previous years surpluses not committed for other purposes
- Borrowed funds, but only for the Capital Budget (Fixed assets, Infrastructure, Property, Plant and Equipment)

The budget recognizes compliance to the following:

- Credible, consistent and responsive to the municipality's IDP
- Funded and achievable in terms of service delivery
- Institutional Needs Analyses and takes into consideration Risk Analyses, Internal, and External Factors impacting on service delivery.
- Contains Revenue and Expenditure Projections that are consistent with current and past year performances.
- The municipality has overcome all the major obstacles which had an impact on its capacity to spend its budget and render services. These include blockages in the form of staff, policies, procedures, and processes.
- Does not jeopardize the Financial Viability of the municipality.

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal and property rates.

Revenue was based on:

- Growth in the municipality and economic development
- Revenue management and enhancement
- Achievement of 92 per cent annual collection rate for consumer revenue
- Electricity tariff increase within the National Electricity Regulator of South Africa (NERSA) approval
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating revenue requirements
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The following illustrate the difference between the 2014/15 and 2015/16 tariff increase:

Particulars	2014/15	2015/16
Rates	13%	9.5%
Electricity	7.39%	12.2%
Refuse	9%	16%
Sewerage	6%	9%
Water	Depending on individual consumption	7%

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R156,254 million for the 2014/15 financial year and increasing to R178, 274million for the 2015/16 financial year

Operational grants and subsidies amount to R136, 412 million, R133, 687 million and R134, 481 million for each of the respective financial years of the MTREF

Investment revenue actual performance will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Monetary investments by type (Table SA15)

Investment type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		15 042	20 740	26 967	-	30 000	30 000	20 000	20 000	20 000
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	15 042	20 740	26 967	-	30 000	30 000	20 000	20 000	20 000
Consolidated total:		15 042	20 740	26 967	-	30 000	30 000	20 000	20 000	20 000

The following table is a detailed analysis of the municipality's borrowing liability.

Detail of borrowings (Table SA17)

Borrowing - Categorized by type	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality									
Long-Term Loans (annuity/reducing balance)	112 661	105 724	110 091	102 948	114 095	114 095	117 307	108 996	102 991
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases	86	65	-	32	-	-	-	-	-
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	112 747	105 788	110 091	102 980	114 095	114 095	117 307	108 996	102 991
Total Borrowing	112 747	105 788	110 091	102 980	114 095	114 095	117 307	108 996	102 991

1.3 Cash flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Budget cash flow statement (Table A7)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	42 099	47 607	58 673	61 980	58 788	58 788	63 358	71 754	76 059
Service charges	120 757	131 967	142 532	140 121	137 642	137 642	150 173	170 073	180 277
Other revenue	(9 185)	(15 014)	(2 452)	25 961	35 430	35 430	26 058	27 621	32 279
Government - operating	56 428	63 624	67 750	103 590	127 946	127 946	136 412	133 687	134 481
Government - capital	58 973	77 511	79 159	54 670	61 638	61 638	38 590	33 517	34 852
Interest	9 572	10 024	12 171	8 962	9 480	9 480	8 338	9 253	9 809
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(218 692)	(209 598)	(277 468)	(307 741)	(335 595)	(335 595)	(369 453)	(382 736)	(400 203)
Finance charges	(12 928)	(12 780)	(12 742)	(12 133)	(11 433)	(11 433)	(12 196)	(12 928)	(13 703)
Transfers and Grants	(638)	(783)	(824)	(1 000)	(1 000)	(1 000)	(1 000)	(1 060)	(1 124)
NET CASH FROM/(USED) OPERATING ACTIVITIES	46 384	92 559	66 799	74 410	82 897	82 897	40 279	49 182	52 726
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	3 689	8 398	1 584	1 656	-	-	2 247	2 382	2 524
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	3	13	586	-	5	5	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(65 246)	(88 401)	(62 947)	(67 547)	(85 177)	(85 177)	(60 947)	(44 417)	(47 400)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(61 554)	(79 990)	(60 777)	(65 891)	(85 172)	(85 172)	(58 700)	(42 035)	(44 876)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	21 385	23	11 275	5 670	5 670	5 670	11 550	-	3 218
Increase (decrease) in consumer deposits	95	61	354	213	220	220	233	247	262
Payments									
Repayment of borrowing	(7 520)	(6 521)	(6 978)	(7 183)	(6 974)	(6 974)	(6 974)	(8 338)	(8 312)
NET CASH FROM/(USED) FINANCING ACTIVITIES	13 960	(6 437)	4 651	(1 300)	(1 084)	(1 084)	4 809	(8 091)	(4 832)
NET INCREASE/(DECREASE) IN CASH HELD	(1 210)	6 131	10 673	7 220	(3 359)	(3 359)	(13 612)	(945)	3 019
Cash/cash equivalents at the year begin:	22 624	21 414	27 545	15	38 218	38 218	34 859	21 248	20 303
Cash/cash equivalents at the year end:	21 414	27 545	38 218	7 235	34 859	34 859	21 248	20 303	23 322

1.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Cash backed reserves/accumulated surplus reconciliation (Table A8)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	21 414	27 545	38 218	7 235	34 859	34 859	21 248	20 303	23 322
Other current investments > 90 days	0	0	0	-	-	0	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	21 414	27 545	38 218	7 235	34 859	34 859	21 248	20 303	23 322
Application of cash and investments									
Unspent conditional transfers	7 554	5 529	1 312	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	951	1 637	1 355	1 637	1 355	1 355	1 355	1 355	1 355
Other working capital requirements	7 558	14 569	13 994	(6 854)	12 498	12 498	7 398	10 599	18 302
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	55	555	6 555	3 022	6 381	6 381	3 566	3 566	3 566
Total Application of cash and investments:	16 119	22 290	23 216	(2 195)	20 235	20 235	12 320	15 520	23 224
Surplus(shortfall)	5 295	5 255	15 002	9 430	14 624	14 624	8 928	4 783	98

From the above table it can be seen that the cash and investments available total R9, 430 million (original budget) in the 2014/15 financial year and decrease to R8, 928 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.
- There is no unspent borrowing from the previous financial years. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. It needs to be noted that, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.
- Other provision liability is informed by, amongst others, the supplementary pension liability.
- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

1.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Funding compliance measurement (Table SA10)

Description	MFMA section	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	21 414	27 545	38 218	7 235	34 859	34 859	21 248	20 303	23 322
Cash + investments at the yr end less applications - R'000	18(1)b	5 295	5 255	15 002	9 430	14 624	14 624	8 928	4 783	98
Cash year end/monthly employee/supplier payments	18(1)b	1.1	1.4	1.5	0.3	1.2	1.2	0.7	0.6	0.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701
Service charge rev % change - macro CPI-X target exclusive	18(1)a,(2)	N.A.	4.1%	6.2%	5.9%	(6.0%)	(6.0%)	6.6%	(0.0%)	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	80.1%	71.9%	71.0%	88.5%	86.9%	86.9%	83.7%	88.8%	88.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	19.9%	12.7%	23.5%	10.5%	16.7%	16.7%	12.5%	12.5%	12.5%
Capital payments % of capital expenditure	18(1)c;19	100.5%	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	95.1%	0.1%	69.8%	44.2%	25.7%	25.7%	51.7%	0.0%	25.6%
Grants % of Govt. legislated/gazetted allocations	18(1)a							101.0%	101.1%	101.1%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	76.0%	2.6%	24.8%	(39.6%)	0.0%	34.4%	(16.7%)	(21.3%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	(35.5%)	(2.2%)	(20.2%)	(3.2%)	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	3.5%	3.2%	2.9%	4.3%	3.3%	3.3%	3.8%	3.8%	3.9%
Asset renewal % of capital budget	20(1)(vi)	38.2%	48.9%	27.4%	50.3%	38.5%	38.5%	36.3%	49.5%	85.4%

1.5.1.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2015/16 MTREF shows R21, 248 million, R20, 303 million and R23, 322 million for each respective financial year.

1.5.1.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8, on page 20. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.5.1.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash

position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been improved for the period 2012/13 to 2013/14, moving from 1.4 to 1.5. Currently it is estimated that the municipality will have 1.2 months cash available(2014/15), although the municipality's aim is to improve this ratio to at least two months, it looks unlikely that this goal will be achieved over the 2015/16 as the estimated available cash for 2015/16 is projected to be 0.7. This measure will have to be carefully monitored going forward.

1.5.1.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2015/16 MTREF the indicative outcome is a surplus excluding depreciation off sets of R15 million, R9 million and R7 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.5.1.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above the percentage for the 2015/16 MTREF is 6.6 and 0 for the outer years. The outcome is lower than it should be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.5.1.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 83.7, 88.8 and 88.9 per cent for each of the respective financial years. Given that the assumed collection rate for rates and service charges was based on a 92 per cent performance target, the cash flow statement has been conservatively determined.

1.5.1.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 12.5 per cent over the MTREF.

1.5.1.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

1.5.1.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 51.5 per cent of own funded capital.

1.5.1.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

1.5.1.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. The ratio reflected in 2015/16 financial year for current consumer debtors and long term receivables percentage change are 34.4% and 0.00% respectively.

1.5.1.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table SA34C on page 75. As previously illustrated the municipality has a relatively low expenditure percentage on Repairs and Maintenance projected for 2015/16 (3.8%).

1.5.1.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future

revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table SA34b on page 75.

12. Expenditure on allocations and grant programmes

Expenditure on allocations and grant programmes (Table SA19)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	49 267	57 084	64 428	71 643	72 012	72 012	74 106	73 077	78 584
Local Government Equitable Share	44 750	53 343	57 262	62 481	62 481	62 481	63 909	68 752	74 003
Finance Management	1 716	1 641	1 223	1 600	1 600	1 600	1 404	1 625	1 700
Municipal Systems Improvement	1 336	941	814	934	825	825	816	957	1 033
Expanded Public Works Programme	1 464	1 160	1 000	1 106	1 106	1 106	1 086	-	-
SETA	-	-	-	769	-	-	1 645	1 743	1 848
MIG Operational	-	-	-	765	923	923	750	-	-
Municipal Disaster Recovery	-	-	-	-	1 385	1 385	-	-	-
VAT on operating grants	-	-	938	-	-	-	311	-	-
VAT on capital grants	-	-	3 192	3 989	3 693	3 693	4 187	-	-
Other transfers/grants [insert desc]	-	-	-	-	-	-	-	-	-
Provincial Government:	4 379	6 065	40 857	30 947	48 330	48 330	62 234	60 610	55 897
Community Development Worker Grant	145	142	159	122	232	232	126	133	139
Library Services Grant	4 234	5 671	6 150	6 075	6 185	6 185	6 539	6 931	7 348
Proclaimed Main Roads	-	108	68	92	92	92	114	-	-
Spatial Dev Framework	-	-	30	-	-	-	-	-	-
Botrivier Development Contribution	-	-	39	-	-	-	-	-	-
Finance Management	-	-	572	-	1 437	1 437	-	-	-
Housing	-	-	33 769	24 658	39 934	39 934	54 743	52 300	45 150
Sport and culture	-	144	-	-	-	-	-	-	-
Project Preparation	-	-	69	-	-	-	-	-	-
Municipal Infrastructure Support Grant	-	-	-	-	450	450	-	-	-
Violence Prevention through Urban Upgrading	-	-	-	-	-	-	500	1 000	3 000
Thusong Service Centres Grant	-	-	-	-	-	-	212	246	260
Other transfers/grants [insert desc]	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Other grant providers:	1 788	1 780	1 650	1 000	2 602	2 602	72	-	-
IDC Grant	-	165	368	-	266	266	-	-	-
DBSA Local Economic Development	557	368	118	-	345	345	-	-	-
DBSA GIS	-	-	1	-	-	-	-	-	-
HAN	569	837	931	1 000	1 222	1 222	72	-	-
DBSA	22	-	-	-	-	-	-	-	-
SETA	640	409	232	-	769	769	-	-	-
Total operating expenditure of Transfers and Grants	55 434	64 929	106 936	103 590	122 945	122 945	136 412	133 687	134 481
Capital expenditure of Transfers and Grants									
National Government:	20 954	43 388	27 679	31 706	29 841	29 841	29 690	33 517	34 852
Municipal Infrastructure Grant (MIG)	19 550	28 092	21 939	21 617	21 648	21 648	21 796	26 517	27 852
Integrated National Electrification Programme	1 000	3 000	-	3 421	3 421	3 421	4 386	7 000	7 000
Regional Bulk Infrastructure	277	10 500	5 695	6 668	4 773	4 773	3 509	-	-
Neighborhood development Grant	127	1 796	1	-	-	-	-	-	-
Municipal Systems Improvement	-	-	44	-	-	-	-	-	-
Other capital transfers/grants [insert desc]	-	-	-	-	-	-	-	-	-
Provincial Government:	34 452	38 808	21 234	22 964	31 797	31 797	8 900	-	-
Housing	31 624	37 308	18 589	22 964	31 229	31 229	8 900	-	-
Impound Facility	-	-	426	-	-	-	-	-	-
Proclaimed Main Roads	2 828	-	-	-	-	-	-	-	-
Community Centre	-	-	2 220	-	-	-	-	-	-
Sportfields	-	-	-	-	-	-	-	-	-
Public Transport Infrastructure Grant	-	1 500	-	-	-	-	-	-	-
Municipal Infrastructure Support Grant	-	-	-	-	568	568	-	-	-
District Municipality:	-	-	62	-	-	-	-	-	-
Multi-purpose bus	-	-	62	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	55 406	82 196	48 975	54 670	61 638	61 638	38 590	33 517	34 852
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	110 839	147 126	155 911	158 261	184 583	184 583	175 003	167 204	169 333

Salaries, allowances & benefits (political office bearers, councillors/senior managers)(Table SA23)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	638 600	–	27 752			666 352
Chief Whip	–	–	–	–			–
Executive Mayor	1	798 251	–	27 752			826 003
Deputy Executive Mayor	1	638 600	–	27 752			666 352
Executive Committee	5	2 993 443	–	138 758			3 132 201
Total for all other councillors	19	4 550 025	–	638 287			5 188 312
Total Councillors	27	9 618 919	–	860 301			10 479 220
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1 282 974	28 237	197 350	120 685		1 629 246
Chief Finance Officer	1	857 218	97 252	139 028	87 480		1 180 978
Director Operational Services	1	845 372	131 985	125 917	88 262		1 191 536
Director Technical Services	1	1 142 282	1 910	171 914	105 288		1 421 394
Director Development Services	1	928 901	116 296	169 779	97 198		1 312 174
Director Corporate Services	1	1 027 581	94 392	99 199	97 694		1 318 866
Total Senior Managers of the Municipality	6	6 084 328	470 072	903 187	596 607		8 054 194
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	33	15 703 247	470 072	1 763 488	596 607		18 533 414

Summary councillor and staff benefits (Table SA22)

Summary of Employee and Councillor remuneration	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	5 737	6 037	6 657	8 623	8 623	8 623	9 619	10 196	10 808
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	1 085	1 005	1 025	-	-	-	-	-	-
Cellphone Allowance	346	368	522	655	655	655	860	912	967
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Sub Total - Councillors	7 168	7 410	8 203	9 277	9 277	9 277	10 479	11 108	11 774
% increase		3.4%	10.7%	13.1%	-	-	13.0%	6.0%	6.0%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	4 773	3 590	5 280	5 632	5 632	5 632	6 084	6 510	6 966
Pension and UIF Contributions	383	384	579	619	619	619	341	365	390
Medical Aid Contributions	92	94	145	153	153	153	129	138	148
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	580	-	614	583	583	583	597	638	683
Motor Vehicle Allowance	578	443	596	638	638	638	638	682	730
Cellphone Allowance	-	233	225	95	95	95	101	108	116
Housing Allowances	106	18	22	23	23	23	23	25	26
Other benefits and allowances	574	93	177	72	72	72	141	151	161
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	7 086	4 856	7 639	7 815	7 815	7 815	8 054	8 618	9 221
% increase		(31.5%)	57.3%	2.3%	-	-	3.1%	7.0%	7.0%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	63 339	70 469	74 802	83 949	84 091	84 091	92 457	100 407	109 039
Pension and UIF Contributions	11 479	12 255	13 338	17 133	17 147	17 147	18 796	20 367	22 069
Medical Aid Contributions	3 103	3 261	3 627	3 755	3 755	3 755	4 342	4 713	5 115
Overtime	3 051	3 199	4 265	3 685	3 685	3 685	4 621	5 014	5 440
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	4 043	4 303	4 467	4 363	4 374	4 374	4 732	5 144	5 591
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	563	522	489	511	511	511	556	603	655
Other benefits and allowances	8 121	5 650	8 993	10 479	10 484	10 484	11 579	12 575	13 658
Payments in lieu of leave	3 744	-	1 329	2 000	2 000	2 000	-	-	-
Long service awards	470	542	607	1 023	918	918	862	922	986
Post-retirement benefit obligations	4 179	4 669	5 011	5 200	6 200	6 200	7 000	7 495	8 026
Sub Total - Other Municipal Staff	102 092	104 869	116 928	132 099	133 165	133 165	144 945	157 240	170 580
% increase		2.7%	11.5%	13.0%	0.8%	-	8.8%	8.5%	8.5%
Total Parent Municipality	116 346	117 135	132 771	149 191	150 258	150 258	163 479	176 966	191 576
TOTAL SALARY, ALLOWANCES & BENEFITS	116 346	117 135	132 771	149 191	150 258	150 258	163 479	176 966	191 576
% increase		0.7%	13.3%	12.4%	0.7%	-	8.8%	8.3%	8.3%
TOTAL MANAGERS AND STAFF	109 179	109 725	124 568	139 914	140 981	140 981	152 999	165 858	179 801

Summary of personnel numbers (Table SA24)

Summary of Personnel Numbers	2013/14			Current Year 2014/15			Budget Year 2015/16		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	25	–	–	25	–	–	25	–	–
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees									
Municipal Manager and Senior Managers	6	–	6	6	–	6	6	–	6
Other Managers	21	21	–	23	23	1	23	23	–
Professionals	150	150	2	150	150	2	151	151	2
<i>Finance</i>	6	6	–	6	6	–	6	6	–
<i>Spatial/town planning</i>	6	6	–	6	6	–	7	7	–
<i>Information Technology</i>	2	2	2	2	2	2	2	2	2
<i>Roads</i>	28	28	–	28	28	–	28	28	–
<i>Electricity</i>	11	11	–	11	11	–	11	11	–
<i>Water</i>	45	45	–	45	45	–	45	45	–
<i>Sanitation</i>	16	16	–	16	16	–	16	16	–
<i>Refuse</i>	11	11	–	11	11	–	11	11	–
<i>Other</i>	25	25	–	25	25	–	25	25	–
Technicians	115	115	2	115	115	2	115	115	–
<i>Finance</i>	57	57	–	57	57	–	57	57	–
<i>Spatial/town planning</i>	–	–	–	–	–	–	–	–	–
<i>Information Technology</i>	–	–	–	–	–	–	–	–	–
<i>Roads</i>	16	16	2	16	16	2	16	16	–
<i>Electricity</i>	–	–	–	–	–	–	–	–	–
<i>Water</i>	–	–	–	–	–	–	–	–	–
<i>Sanitation</i>	–	–	–	–	–	–	–	–	–
<i>Refuse</i>	–	–	–	–	–	–	–	–	–
<i>Other</i>	42	42	–	42	42	–	42	42	–
Clerks (Clerical and administrative)	44	44	–	44	44	–	44	44	–
Service and sales workers	68	68	–	68	68	–	68	68	–
Skilled agricultural and fishery workers	4	4	–	4	4	–	4	4	–
Craft and related trades	–	–	–	–	–	–	–	–	–
Plant and Machine Operatbrs	36	36	–	36	36	–	36	36	–
Elementary Occupations	143	143	–	165	165	–	165	165	–
TOTAL PERSONNEL NUMBERS	612	581	10	636	605	11	637	606	8
% increase				3.9%	4.1%	10.0%	0.2%	0.2%	(27.3%)
Total municipal employees headcount									
Finance personnel headcount	57	57	–	57	57	–	57	57	–
Human Resources personnel headcount	6	6	–	6	6	–	6	6	–

13. Annual Budgets and Service delivery and Budget Implementation plans- Internal Departments

The Functional performance of the municipality provides comprehensive information on the implementation of the SDBIP and the relevant Functional Area reporting schedule:

- a. A detailed departmental SDBIP will be available on the website of TWK Municipality.

The functional breakdown per Directorate is as follows:

Corporate Service:

Legal Advisory

- Both the Director and deputy Director Corporate Services are the Legal Officers for the organisation and provide legal support to all Directorates

Administration

- Give administrative support to the Council and its political structures
- Corporate support for other Directorates and Town offices
- Provision of secretariat services to all directorates
- The management of the municipality's incoming and outgoing mail including the distribution and dispatch of correspondence to and from the public
- The management of access to records
- The management of Security and Cleaning Services

Human Resources

- Ensuring a skilled workforce through training and selection
- Ensuring sound HR administration
- Ensuring an informed labour force by practicing sound labour relations
- Ensuring a sound organisational structure

Information Technology

- The Information Technology department serves as support function for the whole of the organization:
- Maintaining the IT and communication Infrastructure
- Facilitate the integration of information systems
- Establishing and maintaining proper backup procedures and systems
- Ensuring information security

Development Services:

Integrated Development Planning

This department provides a unique support service to all departments, community and council. It is responsible for the coordination and management of the IDP process, Organisational Performance Management, Annual Reporting, Service Delivery and Budget Implementation Plan, and Social Development

Local Economic Development (LED) and Tourism

- Create an enabling environment for economic development
- Increase economic opportunities for people

- Promote intergovernmental collaboration
- Build local Capacity
- Encourage PPP in Local economic Development
- Monitor and evaluate LED strategy.
- Capacitate SMME's

Housing and Integrated Human Settlement

- The function of this department is to facilitate, manage and maintain low cost housing development within the Theewaterskloof Municipality

Property Management

- The Property Management section has to ensure that Municipal owned immovable assets are managed efficiently, effectively and economically and are dealt with in a manner which will ensure the maximum benefit to the municipality and the community

Financial Services:

Expenditure and Supply Chain Management

- Salaries: Implementation of approved payroll, paying of salaries, allowances and accounting for payroll implementation
- Creditors: Payment and recording of creditors' payments and reconciliations
- Supply Chain Management: Responsible for the Administration and Management of Procurement of goods and services (i.e. Acquisition Management in particular)
- Bank Reconciliation
- Administration and Management of Investments
- Administration and Management of Loans
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Revenue Management

- Facilitation and application for Municipal Services
- Debtors Billing Administration and Management
- Meter Reading
- Administration of Clearance Certificates
- Rendering of Monthly Consumer / Rates Debtors Accounts
- Debtors Customer Care and Query Administration
- Receipting and bank revenue management
- Credit Control, Debt Collection and Indigents Management
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Budget Office

- Budget
- In-year Reporting
- Annual Financial Statements,
- Budgetary Management and Control
- Asset Management
- Insurance Management
- Costing Services (commenced in September 2009)
- Financial Viability
- Co-ordinate Financial Policy Formulation

- Financial Management Workshops under leadership of CFO
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Technical Service:

Water Distribution and Treatment

- (Supply potable water in accordance with (SABS 241) to the residents within its jurisdiction. In terms of Schedule 4B of the Constitution: "Water and Sanitation Services limited to potable water supply systems")

Roads

- The Theewaterskloof Municipality is responsible for the roads and storm water reticulation within the towns of the WC031 established municipal area. The Roads and Storm water Division functions as a division on its own headed by the Assistant manager of each town. This unit has 85 trained technical, artisans and other operational staff

Electricity Distribution

The electricity purchase and distribution functions of the municipality are administered as follows and include:

- The effective and efficient distribution and reticulation of energy in the following towns (Caledon, Villiersdorp, Greyton and Riviersonderend. Grabouw, Genadendal, Tesselaarsdal, Botrivier and Middleton reside within Eskom jurisdiction)
- Distribute electricity subject to the license conditions set by NERSA

Electricity/Street lighting

- Provide adequate street lighting for urban areas
- Maintain/Repair of faulty street lights
- Upgrade of existing services as well as new developments
- These services extend to include Theewaterskloof (Caledon, Greyton, Riviersonderend and Villiersdorp, but do not take account rural areas such as Tesselaarsdal, Botrivier, Grabouw, Genadendal which resides within the jurisdiction of provincial Government

Waste Water Management (Sewerage)

- Theewaterskloof Municipality provides sewerage collection systems, comprising water borne sewer networks, bucket removal system and vacuum tanker service where necessary, and treats the collected effluent at 7 sewage treatment plants. Further services include the provision and maintenance of communal toilets in informal areas

Solid Waste Management

- Theewaterskloof municipality is responsible for the day to day operations in every town and for the removal and collection of the waste, cleaning of road reserves and most public open places. There are three Transfer-stations in the Municipal jurisdiction, one in Grabouw, Villiersdorp and the other in Botriver. Caledon has a licensed waste site but Genadendal, Greyton and Riviersonderend is not permitted yet.

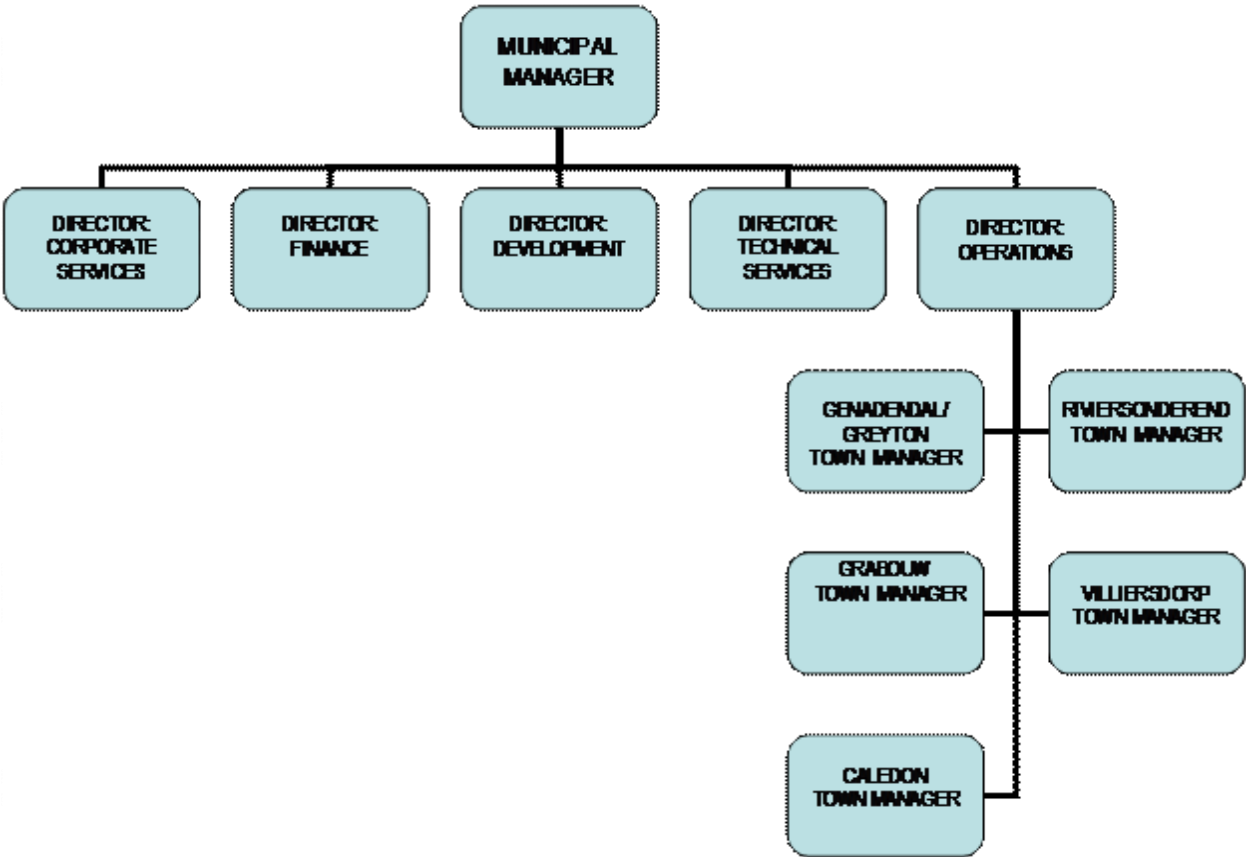
Fleet Management

- To manage and maintain all fleet of the municipality.
- To provide sufficient municipal services to all residence within the municipal boundary.

OPERATIONS

- Responsible for the day-to-day to service delivery within all Theewaterskloof Towns.

Senior Management Capability and Structure



14. Capital expenditure details

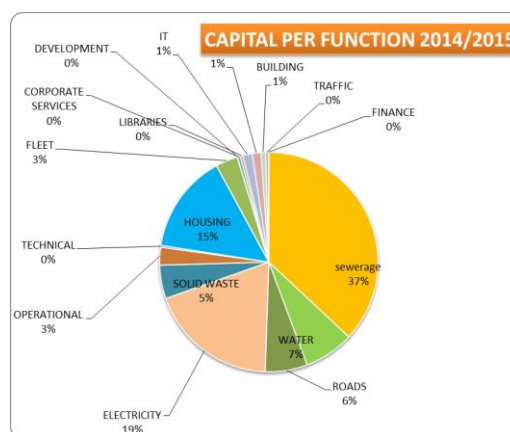
In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Capital Budget

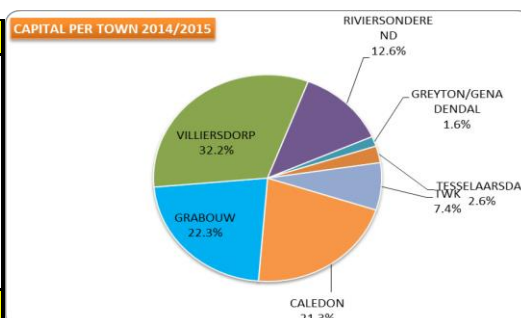
The capital budget per function, town and per funding source is illustrated below:

The Capital Budget decreased from R85, 177m in 2014/15 (adjustment) to R60, 947m in 2015/16, R44, 417 m in 2016/17 and R47, 400 in 2017/2018.

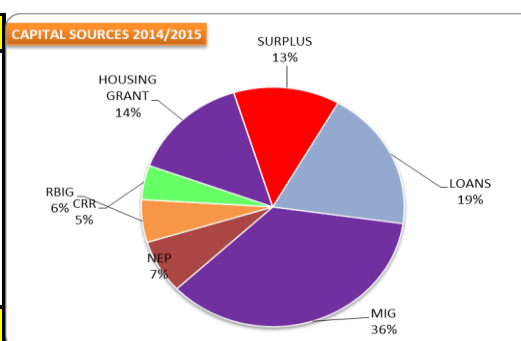
CAPITAL PER FUNCTION	
	2015/2016
Sanitation	13 000 000
WATER	17 000 000
ROADS	1 211 858
ELECTRICITY	14 320 000
SOLID WASTE	415 142
OPERATIONAL	1 597 195
TECHNICAL	158 300
HOUSING	8 900 000
FLEET	2 000 000
DEVELOPMENT	21 000
CORPORATE SERVICES	252 600
LIBRARIES	235 600
IT	852 000
SPORT	500 000
TRAFFIC	257 565
FINANCE	38 378
	60 759 638



CAPITAL PER TOWN	
	2015/2016
CALEDON	12 970 500
GRABOUW	13 608 837
VILLIERSDORP	19 618 842
RIVIERSONDEREND	7 704 300
GREYTON/GENADENDAL	945 000
TESSELAARSDAL	1 596 716
TWK	4 502 443
	60 946 638



CAPITAL SOURCES	
	2015/2016
MIG	21 821 930
NEP	4 385 965
RBIG	3 508 772
CRR	2 815 243
HOUSING GRANT	8 900 000
SURPLUS	7 964 728
LOANS	11 550 000
	60 946 638



The table below reflects the 2015 Division of Revenue Act Grant Allocations

NATIONAL ALLOCATIONS

GRANT		2015/2016	EXCL VAT	VAT	2016/2017	2017/2018
		BUDGET			BUDGET	Budget
		R'000			R'000	R'000
EQUITABLE SHARE		63 909 000	-	-	68 752 000	74 003 000
EQUITABLE SHARE FORMULA	OPEX	63 909 000	-	-	68 752 000	74 003 000
SPECIAL SUPPORT FOR COUNCILLOR REMUNERATION	OPEX	-	-	-	-	-
FINANCIAL MANAGEMENT GRANT (FMG)	OPEX	1 600 000	1 403 509	196 491	1 625 000	1 700 000
MUNICIPAL SYSTEMS IMPROVEMENT GRANT (MSIG)	OPEX	930 000	815 790	114 210	957 000	1 033 000
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	OPEX	25 627 000	-	-	26 517 000	27 852 000
OPERATING CAPITAL	OPEX	750 000	750 000	-	-	-
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (NEP)	CAPEX	24 877 000	21 795 649	3 081 351	26 517 000	27 852 000
EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	CAPEX	5 000 000	4 385 965	614 035	7 000 000	7 000 000
REGIONAL BULK INFRASTRUCTURE GRANT (BIG)	OPEX	1 086 000	-	-	-	-
	CAPEX	4 000 000	3 508 772	491 228	-	-
TOTAL NATIONAL GRANTS		102 152 000	32 659 685	4 497 315	104 851 000	111 588 000

PROVINCIAL ALLOCATIONS

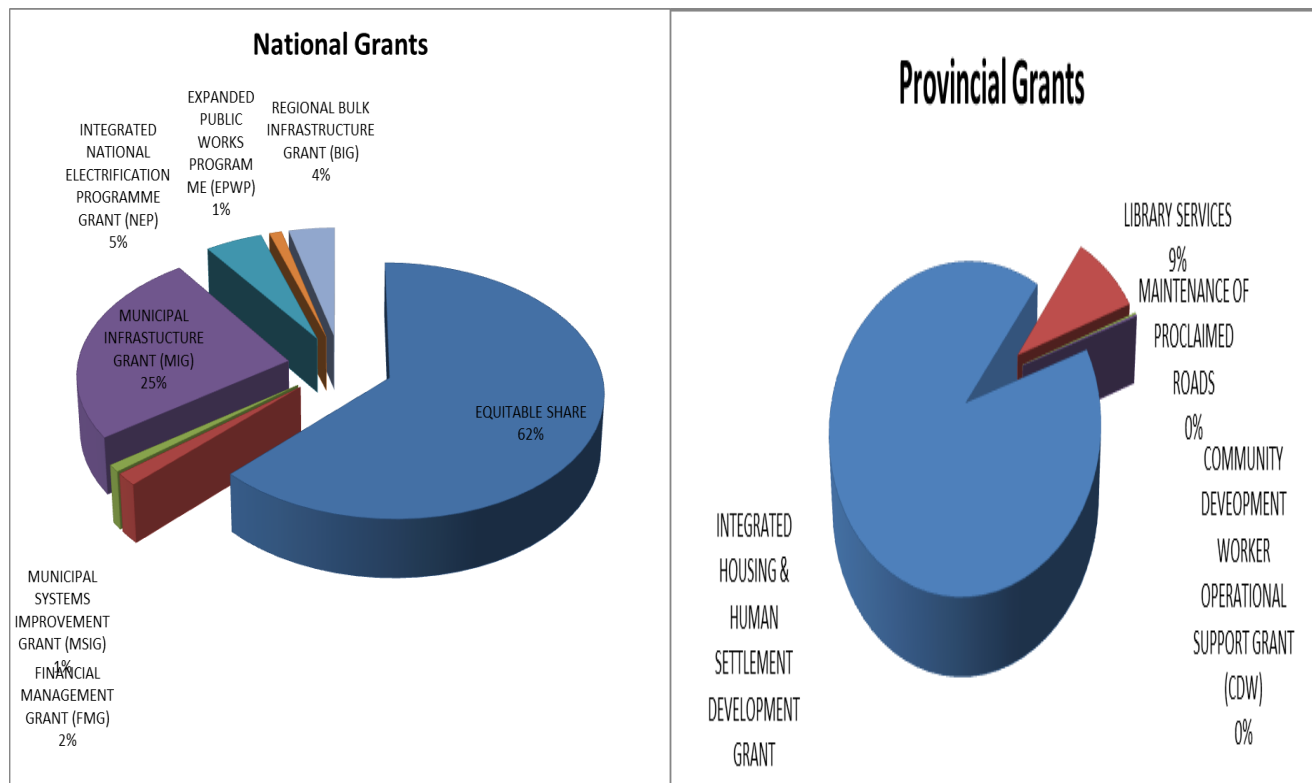
INTEGRATED HOUSING & HUMAN SETTLEMENT DEVELOPMENT GRANT		63 643 000			52 300 000	45 150 000
INTEGRATED HOUSING: OPERATIONAL	OPEX	54 743 000	-	-	44 986 234	38 836 108
INTEGRATED HOUSING: CAPITAL	CAPEX	8 900 000	-	-	7 313 766	6 313 892
LIBRARY SERVICES	OPEX	6 539 000	-	-	6 931 000	7 348 000
COMMUNITY DEVELOPMENT WORKER OPERATIONAL SUPPORT GRANT (CDW)	OPEX	126 000	-	-	133 000	139 000
MAINTENANCE OF PROCLAIMED ROADS	OPEX	114 000	-	-	-	-
VPUU	OPEX	500 000	-	-	1 000 000	3 000 000
THUSONG CENTRE (OPERATIONAL)	OPEX	212 000	-	-	246 000	260 000
TOTAL PROVINCIAL GRANTS		71 134 000		-	60 610 000	55 897 000

OTHER GRANT PROVIDERS

HAN	OPEX	72 000	-	-	-	-
SETA	OPEX	1 645 000	-	-	1 743 265	1 847 861
TOTAL OTHER GRANT PROVIDERS		1 717 000	-	-	1 743 265	1 847 861

GRAND TOTAL

		175 003 000			167 204 265	169 332 861
NOTE: Allocations for Conditional Grants are only made for one year and the amounts published for the outer years in the schedules of the Division of Revenue Act (DORA) are published for indicative purposes only and are not guaranteed.						
	OPEX	132 226 000			126 373 499	128 166 969
	CAPEX	42 777 000			40 830 766	41 165 892
	TOTAL	175 003 000			167 204 265	169 332 861



15. Capital expenditure details

The following three tables present details of the Theewaterskloof's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Capital expenditure on new assets by asset class (Table SA34a)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	34 964	37 278	36 202	26 864	35 129	35 129	32 030	18 417	6 900
Infrastructure - Road transport	-	-	-	-	-	-	3 800	15 917	5 400
Roads, Pavements & Bridges	-	-	-	-	-	-	800	15 917	5 400
Storm water	-	-	-	-	-	-	3 000	-	-
Infrastructure - Electricity	5 216	3 672	2 196	3 900	3 900	3 900	8 830	-	-
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	5 216	3 672	1 293	3 900	3 900	3 900	8 000	-	-
Street Lighting	-	-	903	-	-	-	830	-	-
Infrastructure - Water	4 105	297	7 077	-	-	-	4 000	-	-
Dams & Reservoirs	-	-	-	-	-	-	3 500	-	-
Water purification	-	-	-	-	-	-	-	-	-
Water Reticulation	4 105	297	7 077	-	-	-	500	-	-
Infrastructure - Sanitation	2 653	196	9 962	-	-	-	6 500	2 500	1 500
Sewerage Reticulation	2 653	196	-	-	-	-	6 500	2 500	1 500
Sewerage purification	-	-	9 962	-	-	-	-	-	-
Infrastructure - Other	22 989	33 113	16 967	22 964	31 229	31 229	8 900	-	-
Waste Management	808	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	22 182	33 113	16 967	22 964	31 229	31 229	8 900	-	-
Community	-	3 258	5 625	3 286	12 319	12 319	797	4 000	-
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	3 309	3 286	11 245	11 245	797	4 000	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	3 258	2 316	-	280	280	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	794	794	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	1 187	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	1 187	-	-	-	-	-	-	-
Other assets	5 150	3 378	3 866	3 398	4 897	4 897	6 000	-	-
General vehicles	1 026	-	-	-	1 000	1 000	2 000	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	584	584	584	852	-	-
Furniture and other office equipment	2 688	1 630	2 449	2 634	2 823	2 823	2 748	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	664	847	1 417	180	490	490	-	-	-
Other Buildings	-	170	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	400	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	772	731	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	40 114	45 101	45 693	33 548	52 345	52 345	38 827	22 417	6 900

Capital expenditure on renewal of existing assets by asset class (Table SA34b)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	24 071	42 527	16 718	33 609	32 106	32 106	22 120	22 000	40 500
Infrastructure - Road transport	4 528	8 296	5 192	3 263	4 588	4 588	-	-	-
Roads, Pavements & Bridges	4 528	8 296	5 192	3 263	4 588	4 588	-	-	-
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	4 221	1 843	2 500	4 220	4 220	2 620	-	-
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	4 221	1 843	2 500	4 220	4 220	2 620	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	6 626	8 762	1 039	9 242	5 379	5 379	500	3 000	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Water Reticulation	6 626	8 762	1 039	9 242	5 379	5 379	500	3 000	-
Infrastructure - Sanitation	12 918	20 901	8 644	18 604	17 920	17 920	16 000	19 000	40 500
Sewerage Reticulation	-	-	-	18 604	17 920	17 920	16 000	19 000	40 500
Sewerage purification	12 918	20 901	8 644	-	-	-	-	-	-
Infrastructure - Other	-	347	-	-	-	-	3 000	-	-
Waste Management	-	347	-	-	-	-	3 000	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	-	695	-	-	-	-	-	-	-
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	695	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	713	-	536	390	726	726	-	-	-
General vehicles	-	-	216	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	713	-	320	390	726	726	-	-	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing asset	24 784	43 221	17 254	33 999	32 832	32 832	22 120	22 000	40 500

Repairs and maintenance expenditure by asset class (Table SA34c)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	6 568	7 996	7 003	11 307	10 851	10 851	14 023 000.00	14 713	15 596
Infrastructure - Road transport	2 397	3 731	3 714	4 855	5 685	5 685	5 323	5 491	5 820
Roads, Pavements & Bridges	2 397	3 731	3 714	4 855	5 685	5 685	5 323	5 491	5 820
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	1 593	907	167	2 700	980	980	4 700	4 982	5 281
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	1 593	907	167	2 700	980	980	4 700	4 982	5 281
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	1 210	1 659	1 490	1 662	1 733	1 733	1 716	1 819	1 928
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	1 210	1 659	1 490	1 662	1 733	1 733	1 716	1 819	1 928
Infrastructure - Sanitation	1 280	1 617	1 514	1 946	2 309	2 309	2 138	2 266	2 402
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	1 280	1 617	1 514	1 946	2 309	2 309	2 138	2 266	2 402
Infrastructure - Other	89	82	119	144	144	144	147	155	165
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	89	82	119	144	144	144	147	155	165
Community	1 096	764	737	900	950	950	1 100	1 166	1 236
Parks & gardens	1 096	764	737	900	950	950	1 100	1 166	1 236
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	7 889	9 089	10 672	10 699	11 378	11 378	13 310	14 108	14 955
General vehicles	3 051	3 895	3 308	4 291	4 635	4 635	5 091	5 396	5 720
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	78	228	79	186	186	186	271	288	305
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	4 704	4 902	7 180	6 125	6 459	6 459	7 797	8 265	8 761
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	56	64	105	98	98	98	150	159	169
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	15 553	17 849	18 412	22 906	23 179	23 179	28 432 551.00	29 987	31 787

Capital expenditure details (Table SA36)

Municipal Vote/Capital project	Ref	Program/Project description	Asset Class	Asset Sub-Class	GPS co-ordinates	2015/16 Medium Term Revenue & Expenditure Framework			Project information	
						Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand	4		3	3	5					
Parent municipality: List all capital projects grouped by Municipal Vote										
Vote 1 - Executive & Council										
		Upgrading of fleet	Other assets	General vehicles		2 000	–	–	All	New
		Inventory Items - Technical Services	Other assets	Furniture and other office equipment		158	–	–	All	New
		Inventory Items - Caledon	Other assets	Furniture and other office equipment		351	–	–	Caledon	New
		Inventory Items - Greyton/ Genadendal	Other assets	Furniture and other office equipment		145	–	–	Greyton/ Genadendal	New
		Inventory Items - Corporate	Other assets	Furniture and other office equipment		253	–	–	All	New
		Inventory Items - Grabouw	Other assets	Furniture and other office equipment		794	–	–	Grabouw	New
		Inventory Items - Riviersonderend	Other assets	Furniture and other office equipment		104	–	–	Riviersonderend	New
		Inventory Items - Villiersdorp	Other assets	Furniture and other office equipment		204	–	–	Villiersdorp	New
Vote 2 - Finance & Admin										
		Inventory Items - Finance	Other assets	Furniture and other office equipment		38	–	–	All	New
		Inventory Items - IT	Other assets	Computers - hardware/equipment		852	–	–	All	New
		Inventory Items - Internal Audit	Other assets	Furniture and other office equipment		–	–	–	All	New
Vote 3 - Planning & Development										
		Extension 12 Infrastructure Contribution	Other assets	Other Land		400	–	–	Caledon	New
		Inventory Items	Other assets	Furniture and other office equipment		21	–	–	All	New
Vote 4 - Community & Social Services										
		Inventory Items - Library	Other assets	Furniture and other office equipment		236	–	–	All	New
Vote 5 - Housing										
		Low cost housing projects	Infrastructure - Other	Other		–	–	–	All	New
		Low cost housing projects - Caledon	Infrastructure - Other	Other		–	–	–	Caledon	New
		Low cost housing projects - Grabouw	Infrastructure - Other	Other		5 400	–	–	Grabouw	New
		Low cost housing projects - Villierdorp	Infrastructure - Other	Other		–	–	–	Villiersdorp	New
		Low cost housing projects - Riviersonderend	Infrastructure - Other	Other		3 500	–	–	Riviersonderend	New
Vote 6 - Public Safety										
		Inventory Items - Traffic	Other assets	Furniture and other office equipment		258	–	–	All	New
Vote 7 - Sport & Recreation										
		New Sport Facility Phase I	Community	Sportsfields & stadia		797	–	–	Tesselaarsdal	New
		Sport Facility					4 000		Grabouw	Renewal
Vote 9 - Waste Management										
		Extension of Waste Transfer Station	Infrastructure - Other	Waste Management		3 000	–	–	Grabouw	Renewal

Municipal Vote/Capital project	Ref	Program/Project description	Asset Class	Asset Sub-Class	GPS co-ordinates	2015/16 Medium Term Revenue & Expenditure Framework			Project information	
						Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand	4		3	3	5					
Vote 10 - Waste Water Management										
		Upgrading of Waste Water Treatment Works	Infrastructure - Sanitation	Reticulation		500	3 000	24 500	Caledon	Renewal
		Upgrade Main Outfall sewer	Infrastructure - Sanitation	Reticulation		3 000	16 000	16 000	Caledon	Renewal
		Upgrade Waste Water Treatment Works	Infrastructure - Sanitation	Reticulation		12 500	–	–	Villiersdorp	Renewal
		New sewerage reticulation system, RDP Housing	Infrastructure - Sanitation	Reticulation		2 500	–	–	Villiersdorp	New
		Grabouw Waste Water Treatment Plant	Infrastructure - Sanitation	Reticulation		4 000			Grabouw	New
		Upgrade Waste Water Treatment Works	Infrastructure - Sanitation	Reticulation			3 000		Riviersonderend	Renewal
		New Waste Transfer Station	Infrastructure - Sanitation	Reticulation			1 500	–	Caledon	New
		New Solid Waste Transfer Station	Infrastructure - Sanitation	Reticulation				1 500	Riviersonderend	New
Vote 11 - Roads Transport										
		New Storm Water Infrastructure, Phukom	Infrastructure - Road transport	Storm water		3 000	–	–	Villiersdorp	New
		Access Road	Infrastructure - Road transport	Roads, Pavements & Bridges		800	1 000	200	Tesselaarsdal	New
		Upgrade Streets	Infrastructure - Road transport	Roads, Pavements & Bridges			2 800	1 200	Caledon	Renewal
		Upgrade Main Road Old Cape Road	Infrastructure - Road transport	Roads, Pavements & Bridges			9 117		Grabouw	Renewal
		Upgrade Streets	Infrastructure - Road transport	Roads, Pavements & Bridges			1 000	1 000	Villiersdorp	Renewal
		Upgrade Streets in Greyton Heuvelkroon	Infrastructure - Road transport	Roads, Pavements & Bridges			1 000	1 000	Greyton	Renewal
		Upgrade Streets	Infrastructure - Road transport	Roads, Pavements & Bridges			1 000	1 000	Botrivier	Renewal
		Upgrade Streets	Infrastructure - Road transport	Roads, Pavements & Bridges			1 000	1 000	Riviersonderend	Renewal
Vote 12 - Water										
		New water connector pipe, Phukom house	Infrastructure - Water	Reticulation		500	–	–	Villiersdorp	New
		Upgrade Bulk Water Storage Capacity - N	Infrastructure - Water	Dams & Reservoirs		3 500	–	–	Riviersonderend	New
		Repair and Replace Water pre-paid meter	Infrastructure - Water	Reticulation		500	–	–	TWK	Renewal
Vote 13 - Electricity										
		New cable between Aandblom & Veldblom	Infrastructure - Electricity	Transmission & Reticulation		3 000	–	–	Caledon	New
		Replace switch station c/o Human & V Rie	Infrastructure - Electricity	Transmission & Reticulation		720	–	–	Caledon	Renewal
		High mast/Street lights	Infrastructure - Electricity	Street Lighting		415	–	–	Grabouw	New
		High mast/Street lights	Infrastructure - Electricity	Street Lighting		415	–	–	Villiersdorp	New
		Upgrade overhead line, Caledon & Unie	Infrastructure - Electricity	Transmission & Reticulation		500	–	–	Villiersdorp	Renewal
		Infrastructure: Santa, Site Siviwa, Riemvas	Infrastructure - Electricity	Transmission & Reticulation		5 000	–	–	Villiersdorp	New
		Upgrade Network, Main Street	Infrastructure - Electricity	Transmission & Reticulation		800	–	–	Greyton/Genadendal	Renewal
		Upgrade Buitekant Street, Phase II	Infrastructure - Electricity	Transmission & Reticulation		600	–	–	Riviersonderend	Renewal
		Inventory Items	Other assets	Furniture and other office equipment		187			All	New
Parent Capital expenditure	1					60 947	44 417	47 400		
Total Capital expenditure						60 947	44 417	47 400		

References

16. Legislation Compliance Status

Compliance with the MFMA Implementation requirements has been substantially adhered to through the following activities:

- **Budget and Treasury Office:** A Budget and Treasury Office has been established in accordance with the MFMA.
- **Budgeting:** The annual budget is prepared in accordance with the requirements prescribed by the MFMA and National Treasury.
- **Financial Reporting:** 100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- **Annual Report:** The Annual Report is prepared in accordance with the MFMA and National Treasury.
- **Debt Collection:** A Debt Collection unit has been established in accordance with the relative legislation. The staff appointments in the Debt Collection Department have almost been completed and the department is fully functional. Debt collection restructuring is also scheduled for 2015/16 to improve the efficiency of the unit and ensure collections and credit control is done at optimal levels.
- **Internal Audit:** The department is fully functional with a Deputy Director, Internal Auditor and a Clerk Internal Audit in order to comply with the MFMA and obtain value for money.
- **Supply Chain Management:** A Functional Supply Chain Management Unit in accordance with the MFMA.
- **Risk Management:** Theewaterskloof Municipality has adopted a Risk Management Policy in August 2009 and official has undergone training. A risk register is compile which identify the top ten risks and is reviewed and monitor regularly.
- **Asset Management:** The Fixed Asset Register is fully GRAP compliant and the Asset Maintenance Plan is in progress in order to comply with legislation.
- **Internship Programme:** Theewaterskloof Municipality is participating in the Municipal Finance Management Internship Programme. Five Interns are employed and are undergoing various training in all sections of the Finance Department.

17. Other supporting documents

a. Tariff list

Refer to Annexure A for a draft list of tariffs to be approved.

b. Supplementary notes to tables

Supporting detail to budgeted financial performance (Table SA1)

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	44 091	49 680	59 516	68 910	68 910	68 910	75 213	79 726	84 510
less Revenue Foregone	1 993	2 073	843	—	—	—	—	—	—
Net Property Rates	42 099	47 607	58 673	68 910	68 910	68 910	75 213	79 726	84 510
Service charges - electricity revenue									
Total Service charges - electricity revenue	58 351	61 745	66 451	74 398	70 771	70 771	79 520	84 291	89 349
less Revenue Foregone	972	1 376	1 857	1 488	1 488	1 488	1 562	1 656	1 755
Net Service charges - electricity revenue	57 379	60 369	64 594	72 911	69 284	69 284	77 958	82 636	87 594
Service charges - water revenue									
Total Service charges - water revenue	37 459	37 200	39 417	47 055	49 627	49 627	60 847	64 498	68 367
less Revenue Foregone	2 204	2 295	2 331	6 918	6 918	6 918	7 594	8 050	8 533
Net Service charges - water revenue	35 255	34 904	37 087	40 136	42 709	42 709	53 252	56 448	59 834
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	17 927	21 564	23 730	25 898	26 907	26 907	26 789	28 397	30 100
less Revenue Foregone	3 304	3 538	3 746	5 651	5 651	5 651	5 933	6 289	6 666
Net Service charges - sanitation revenue	14 623	18 025	19 983	20 248	21 257	21 257	20 856	22 107	23 434
Service charges - refuse revenue									
Total refuse removal revenue	20 277	23 190	25 517	30 202	30 202	30 202	34 812	36 901	39 115
less Revenue Foregone	4 203	4 730	4 794	7 407	7 407	7 407	8 963	9 501	10 071
Net Service charges - refuse revenue	16 074	18 460	20 723	22 795	22 795	22 795	25 849	27 400	29 044
Other Revenue by source									
Other Revenue	2 806	3 506	4 623	4 645	3 535	3 535	3 623	3 840	4 071
Public Contributions & Donations	569	1 364	167	—	—	—	—	—	—
Third party payments	2 062	401	227	318	670	670	334	354	375
Fair value adjustment	7 030	22 517	28 143	—	—	—	—	—	—
Reversal of Debt Impairment	—	—	—	—	—	—	—	—	—
Total 'Other' Revenue	12 467	27 788	33 060	4 963	4 205	4 205	3 957	4 194	4 446
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	68 112	74 059	80 082	89 581	89 723	89 723	98 541	106 917	116 005
Pension and UIF Contributions	11 862	12 639	13 917	17 753	17 766	17 766	19 137	20 731	22 459
Medical Aid Contributions	3 195	3 355	3 772	3 908	3 908	3 908	4 471	4 851	5 263
Overtime	3 051	3 199	4 265	3 685	3 685	3 685	4 621	5 014	5 440
Performance Bonus	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	4 621	4 746	5 063	5 001	5 012	5 012	5 370	5 826	6 321
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	669	540	511	534	534	534	579	628	681
Other benefits and allowances	9 275	5 976	10 010	11 228	11 234	11 234	12 418	13 473	14 618
Payments in lieu of leave	3 744	—	1 329	2 000	2 000	2 000	—	—	—
Long service awards	470	542	607	1 023	918	918	862	922	986
Post-retirement benefit obligations	4 179	4 669	5 011	5 200	6 200	6 200	7 000	7 495	8 026
sub-total	109 179	109 725	124 568	139 914	140 981	140 981	152 999	165 858	179 801
Less: Employees costs capitalised to PPE	—	—	—	—	—	—	—	—	—
Total Employee related costs	109 179	109 725	124 568	139 914	140 981	140 981	152 999	165 858	179 801
Contributions recognised - capital									
List contributions by contract	—	—	—	—	—	—	—	—	—
Total Contributions recognised - capital	—	—	—	—	—	—	—	—	—
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	8 029	8 466	10 284	17 571	17 571	17 571	17 571	18 625	19 743
Lease amortisation	—	—	—	—	—	—	—	—	—
Capital asset impairment	41 291	89 845	22 532	5 510	9 510	9 510	9 510	10 081	10 685
Depreciation resulting from revaluation of PPE	—	—	—	—	—	—	—	—	—
Total Depreciation & asset impairment	49 320	98 311	32 816	23 081	27 081	27 081	27 081	28 706	30 428
Bulk purchases									
Electricity Bulk Purchases	34 770	37 759	41 426	44 029	44 470	44 470	50 903	53 957	57 195
Water Bulk Purchases	6 704	7 575	8 617	10 621	10 621	10 621	11 350	12 031	12 753
Total bulk purchases	41 475	45 334	50 043	54 651	55 091	55 091	62 253	65 988	69 948
Transfers and grants									
Cash transfers and grants	638	783	824	1 000	1 000	1 000	1 000	1 060	1 124
Non-cash transfers and grants	—	—	—	—	—	—	—	—	—
Total transfers and grants	638	783	824	1 000	1 000	1 000	1 000	1 060	1 124
Contracted services									
Contracted Services	6 897	9 812	11 825	12 982	12 286	12 286	13 793	14 621	15 498
Computer Services & licences	1 931	2 110	2 899	3 655	3 000	3 000	3 820	4 049	4 292
Dumping fee Karwyderskraal	839	768	928	1 216	1 216	1 216	4 753	5 038	5 340
Caledon dumping site	708	854	848	900	1 300	1 300	900	954	1 011
Refuse removal Tessaarsdal & Myddleton	173	158	176	200	200	200	300	318	337
Copier costs	324	353	340	291	302	302	255	271	287
Valuation costs	287	1 114	704	328	300	300	466	494	524
Grabouw Sustainable Plan	150	105	29	150	142	142	100	106	112
sub-total	11 308	15 273	17 749	19 721	18 746	18 746	24 388	25 851	27 402
Allocations to organs of state:									
Electricity	—	—	—	—	—	—	—	—	—
Water	—	—	—	—	—	—	—	—	—
Sanitation	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Total contracted services	11 308	15 273	17 749	19 721	18 746	18 746	24 388	25 851	27 402
Other Expenditure By Type									
Collection costs	—	—	—	—	—	—	—	—	—
Contributions to 'other' provisions	—	—	—	—	—	—	—	—	—
Consultant fees	—	—	—	—	—	—	—	—	—
Audit fees	2 489	1 835	2 340	2 638	2 800	2 800	2 750	2 915	3 090
General expenses	18 257	25 029	55 661	23 517	24 812	24 812	24 013	24 553	26 026
Repairs & Maintenance	15 553	17 849	18 412	22 906	23 179	23 179	28 433	29 987	31 787
Streelights	189	350	490	2 939	1 550	1 550	3 135	3 324	3 523
Operating Grant Expenditure	15 360	—	—	29 309	46 910	46 910	59 169	49 170	45 204
Services	4 362	4 808	5 286	4 826	4 883	4 883	5 589	5 924	6 279
Actuarial losses	423	257	4 183	650	4 100	4 100	4 100	4 346	4 607
Total 'Other' Expenditure	56 635	50 129	86 372	86 784	108 233	108 233	127 188	120 219	120 516
by Expenditure Item									
Employee related costs	—	—	—	—	—	—	—	—	—
Other materials	—	—	—	—	—	—	—	—	—
Contracted Services	—	—	—	—	—	—	—	—	—
Other Expenditure	15 553	17 849	18 412	22 906	23 179	23 179	28 433	29 987	31 787
Total Repairs and Maintenance Expenditure	15 553	17 849	18 412	22 906	23 179	23 179	28 433	29 987	31 787

Supporting detail to Statement of Financial Position (Table SA3)

WC031 Theewaterskloof - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days	15 042	20 740	26 967	–	30 000	30 000	20 000	20 000	20 000
Other current investments > 90 days	–	–	–	–	–	–	–	–	–
Total Call investment deposits	15 042	20 740	26 967	–	30 000	30 000	20 000	20 000	20 000
Consumer debtors									
Consumer debtors	121 594	142 033	136 419	87 469	110 175	110 175	136 205	163 795	193 042
Less: Provision for debt impairment	(104 517)	(114 934)	(108 674)	(45 818)	(86 227)	(86 227)	(102 972)	(136 622)	(172 290)
Total Consumer debtors	17 077	27 099	27 745	41 651	23 948	23 948	33 232	27 174	20 751
Debt impairment provision									
Balance at the beginning of the year	90 029	104 517	114 934	82 088	108 674	108 674	86 227	102 972	136 622
Contributions to the provision	31 171	21 942	47 825	23 730	37 553	37 553	31 745	33 650	35 669
Bad debts written off	(16 682)	(11 525)	(54 085)	(60 000)	(60 000)	(60 000)	(15 000)	–	–
Balance at end of year	104 517	114 934	108 674	45 818	86 227	86 227	102 972	136 622	172 290
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	522 732	637 623	730 375	764 792	815 552	815 552	876 498	920 915	968 315
Leases recognised as PPE	339	362	362	362	362	362	362	362	362
Less: Accumulated depreciation	74 513	81 277	90 043	227 083	107 294	107 294	124 545	140 868	158 170
Total Property, plant and equipment (PPE)	448 559	556 708	640 694	538 070	708 620	708 620	752 315	780 409	810 507
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities	6 518	6 979	6 974	8 338	6 974	6 974	8 338	8 312	9 223
Total Current liabilities - Borrowing	6 518	6 979	6 974	8 338	6 974	6 974	8 338	8 312	9 223
Trade and other payables									
Trade and other creditors	23 441	39 665	39 388	32 694	35 936	35 936	37 729	37 401	39 427
Unspent conditional transfers	7 554	5 529	1 312	–	–	–	–	–	–
VAT	951	1 637	1 355	1 637	1 355	1 355	1 355	1 355	1 355
Total Trade and other payables	31 946	46 831	42 055	34 331	37 292	37 292	39 085	38 756	40 783
Non current liabilities - Borrowing									
Borrowing	112 661	105 724	110 091	102 948	114 095	114 095	117 307	108 996	102 991
Finance leases (including PPP asset element)	86	65	–	32	–	–	–	–	–
Total Non current liabilities - Borrowing	112 747	105 788	110 091	102 980	114 095	114 095	117 307	108 996	102 991
Provisions - non-current									
Retirement benefits	28 744	30 574	38 161	38 077	39 631	39 631	45 321	51 506	58 222
List other major provision items									
Refuse landfill site rehabilitation	23 898	24 980	25 965	26 080	25 965	25 965	27 265	28 643	30 104
Other	3 521	4 192	4 572	5 026	4 704	4 704	5 077	5 509	6 004
Total Provisions - non-current	56 163	59 746	68 698	69 183	70 300	70 300	77 663	85 658	94 330
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	486 643	460 590	491 253	397 882	543 871	543 871	587 701	606 091	615 223
GRAP adjustments	(8 691)	16 632	–	–	–	–	–	–	–
Restated balance	477 952	477 222	491 253	397 882	543 871	543 871	587 701	606 091	615 223
Surplus/(Deficit)	(17 346)	14 530	58 618	46 985	43 656	43 656	15 574	9 132	7 701
Appropriations to Reserves	(16)	(500)	(6 000)	(1 570)	(1 570)	(1 570)	–	–	–
Transfers from Reserves	–	–	–	–	1 744	1 744	2 815	–	–
Depreciation offsets	–	–	–	–	–	–	–	–	–
Other adjustments	(0)	0	(0)	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	460 590	491 253	543 871	443 297	587 701	587 701	606 091	615 223	622 924
Reserves									
Housing Development Fund	–	–	–	–	–	–	–	–	–
Capital replacement	–	500	6 500	2 967	6 326	6 326	3 511	3 511	3 511
Self-insurance	–	–	–	–	–	–	–	–	–
Other reserves	55	55	55	55	55	55	55	55	55
Revaluation	11 423	41 091	81 275	41 091	81 275	81 275	81 275	81 275	81 275
Total Reserves	11 478	41 647	87 830	44 114	87 656	87 656	84 841	84 841	84 841
TOTAL COMMUNITY WEALTH/EQUITY	472 068	532 899	631 701	487 411	675 358	675 358	690 932	700 064	707 765

Total Municipal Account

The effect of the proposed tariff and rate increases on households is illustrated below:

Benchmarking Households based on 2014-15 tariffs

Monthly Account for Household -"Middle Income" Property Value: R 1,364,000 Water: 30 kl, Electricity 1000kwh				
Rates and services charges:	Current 2014-15	New Tariff	Rand difference	Percentage increase
Property rates	825.70	903.83	78.13	9.5%
Electricity: Basic levy	42.31	47.47	5.16	12.2%
Electricity: Consumption	1399.00	1566.88	167.88	12.0%
Water: Basic levy	75.53	80.82	5.29	7.0%
Water: Consumption	222.81	238.41	15.60	7.0%
Sanitation	102.63	111.87	9.24	9.0%
Refuse removal	106.75	123.83	17.08	16.0%
Other				
sub-total	2774.73	3073.11	298.38	
VAT on Services	272.86	303.70	30.84	
Total bill:	3 047.59	3 376.81	329.21	10.8%

Monthly Account for Household -"Affordable Range" Property Value: R 719,000 Water: 15 kl, Electricity 489kwh				
Rates and services charges:	Current 2014-15	New Tariff	Rand difference	Percentage increase
Property rates	430.91	471.68	40.77	9.5%
Electricity: Basic levy	42.31	47.47	5.16	12.2%
Electricity: Consumption	574.94	643.93	68.99	12.0%
Water: Basic levy	75.53	80.82	5.29	7.0%
Water: Consumption	68.91	73.73	4.82	7.0%
Sanitation	102.63	111.87	9.24	9.0%
Refuse removal	106.75	123.83	17.08	16.0%
Other				
sub-total	1401.98	1553.33	151.35	10.8%
VAT on Services	135.95	151.43	15.48	11.4%
Total bill:	1537.93	1704.76	166.83	10.8%

Monthly Account for Household -"Indigent" Household receiving free basic services Property Value: R 122,000 Water: 6 kl, Electricity 70kwh				
Rates and services charges:	Current 2014-15	New Tariff	Rand difference	Percentage increase
Property rates	65.49	71.69	6.20	9.5%
Electricity: Basic levy	0.00	0.00		
Electricity: Consumption	0.00	0.00		
Water: Basic levy	0.00	0.00		
Water: Consumption	0.00	0.00		
Sanitation	0.00	0.00		
Refuse removal	0.00	0.00		
Other				
sub-total	65.49	71.69	6.20	9.5%
VAT on Services				
Total bill:	65.49	71.69	6.20	9.5%

18. Municipal manager's quality certificate

I, H.S.D. WALLCE, Municipal Manager of Theewaterskloof Municipality (WC031), hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: HS D Wallace

Municipal Manager of: Theewaterskloof Municipality (WC031)

Signature: _____

Date: 26 March 2015

Print Name: D Louw

Chief Financial Officer of: Theewaterskloof Municipality (WC031)

Signature: _____

Date: 26 March 2015